

**CHARTER TOWNSHIP OF  
BLOOMFIELD, MICHIGAN**

FINANCIAL REPORT WITH  
SUPPLEMENTAL INFORMATION

Year ended March 31, 2016

# CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

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## INDEPENDENT AUDITOR'S REPORT

To the Township Board  
Charter Township of Bloomfield, Michigan

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Bloomfield, Michigan (the "Township"), as of and for the year ended March 31, 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Bloomfield Township Public Library, which represents 100% of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township as of and for the year ended March 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As described in Note 15 to the financial statements, during the year ended March 31, 2016, the Township adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. As a result of implementing this pronouncement, the Township's net pension liability has been recognized on the government-wide and proprietary statements and, as discussed in Note 15, the 2015 financial statements have been restated. Our opinion is not modified with respect to this matter.

## **Other Matters – Required Supplemental Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension trust and healthcare plan schedules on pages 6–28 and 79-86 be presented to supplement the basic financial statements. Additionally, accounting principles generally accepted in the United States of America require that certain information for the defined benefit pension plan also be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Township Board  
Charter Township of Bloomfield, Michigan  
Page Three

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*UHY LLP*

Farmington Hills, Michigan  
September 14, 2016

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**March 31, 2016**

As management of the *Township*, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2016.

**FINANCIAL HIGHLIGHTS**

- Change in net position for the primary government was \$(5,694,307), decreasing from \$82,968,866 to \$27,258,878. There were also required prior period adjustments of \$(50,015,681) from implementation of GASB 67 & 68. This balance consists of governmental net position of \$(27,861,238) and business-type net position of \$55,120,116. These amounts do not include fiduciary funds.
- Taxes and assessments revenue was \$38,387,736, a decrease of \$1,370,863 when compared to the prior year of \$39,758,599. The taxable value increased from \$3,245,848,860 in 2014-15 to \$3,359,497,710 in 2015-16. Some millage rates were rolled back, some remained the same, and the three debt millages may adjust annually to cover upcoming principal and interest payments.
- State shared revenues were \$3,194,699, a decrease of \$667 when compared to the prior year of \$3,195,366. The majority of these revenues are based on state sales tax collections disbursed based upon population. In 2014, the EVIP program was replaced with the CVTRS program.
- Investments earnings were \$192,909, compared to the prior year earnings of \$353,453. The majority of the earnings came from interest paid by residents in SAD's. The bond market continues to underperform expectations and provide dismal net returns on Township short-term investments. The majority of these investments were in short-term bond mutual funds, with other investments being in certificates of deposit.
- Total expenses for governmental activities were \$63,730,685, an increase of \$160,775 when compared to the prior year of \$63,569,910. This is comparable between the two years, and includes the annual cost of other post-employment benefits.
- Total revenues for business-type activities were \$23,936,275 and expenses were \$19,395,201, with an increase to net position of \$4,541,074. The prior year revenues were \$19,752,346 and expenses were \$19,903,197, with a decrease to net position of \$(150,851).

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**March 31, 2016**

**FINANCIAL HIGHLIGHTS (Continued)**

- The governmental activities reported total net position of \$(27,861,238), a decrease of \$(10,235,381) when compared to the previous fiscal year including a required prior period adjustment of \$(50,296,031). The decrease is the result of surplus operations within the various operating funds included in this category offset by over \$5.4 million of Other Post-Employment Benefit (OPEB) costs. It is then further offset by the required implementation of GASB 67 & 68.
- Unrestricted net position for governmental activities was \$(61,980,818), a decrease of \$(58,248,377) when compared to the prior year of \$(3,732,441). Unrestricted net position for the business-type activities was \$12,280,450 a decrease of \$(99,531) when compared to the prior year of \$12,379,981.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual financial report consists of two parts: management's discussion and analysis (this section) and the basic financial statements. The basic financial statements include a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Township as a whole and present a long-term view of the Township's finances. Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about the Township's most significant funds. Notes to the financial statements give even further detail on the current and future activities, policies, assets and obligations of the Township. Lastly, we have Required Supplemental Information and Other Supplemental Information including combining and individual fund financial statements and schedules.

**Government-wide Financial Statements (Reporting the Township as a Whole)**

One of the most important questions asked about the Township's finances remains, "Is the Township as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Township as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Township's net position and changes to it. You can think of the Township's net position — the difference between assets and liabilities — as one way to measure the Township's financial health, or financial position. Over time, increases or decreases in the Township's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the property tax base and the condition of infrastructure, to assess the overall health of the Township.

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**March 31, 2016**

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

As stated previously, the government-wide financial statements are reported using the accrual basis of accounting. However, the governmental funds report on a modified accrual basis. The following summarizes the reconciliation between the government-wide and governmental statements:

- Capital outlay is not reported as an expense on the government-wide statements, but instead is reported as capital assets that are depreciated over their estimated useful life
- Depreciation expense is reported on the government-wide statements
- Principal payments on debt are reported as an expense on the governmental statements, but instead are reported as reductions of the outstanding liabilities on the government-wide statements
- Long-term liabilities such as Other Post-Employment Benefits and Compensated Absences are reported on the government-wide statements
- Accruals such as interest expense are reported on the government-wide statements
- Government-wide statements report the net pension liability, and in 2018 will report the net OPEB liability, neither of which are shown on the governmental statements

**Fund Financial Statements (Reporting the Township's Major Funds)**

A fund is an independent accounting entity with a self-balancing set of accounts, created for the purpose of carrying on a specific activity. It has accounts for assets, liabilities, equities, and revenue and expenditures. The Township uses fund accounting to demonstrate compliance with finance-related laws as is required of all state and local governments. All Township funds fall into one of three major categories: governmental funds, proprietary funds, or fiduciary funds.

- *Governmental Funds* – All of the Township's basic services are reported in the governmental funds. The funds included in this category are the general fund, special revenue funds, capital projects fund, and debt service funds. The general fund is used to account for revenue and expenditures for general Township government that would not fall under any other fund category. Revenues collected for a specific purpose and their corresponding expenditures are accounted for in special revenue funds. This sub-category of funds consists of the Road Fund, Public Safety Fund (police, fire and dispatch), Senior Services Fund, Village Police Fund, Village Fire Fund, Lake Improvement Fund, Building Inspection Fund, Drug Law Enforcement Fund, Safety Path Fund, and Cable Studio Fund. There is currently one capital projects fund for road SAD's. Debt service funds are used to account for revenue collected for the purpose of retiring various bond issues for county drain projects, a major library renovation, major improvements to the Township campus and two off-campus fire stations, pension obligations, and road special assessment projects. There are five debt service funds reported in the debt service fund sub-category and three are considered major funds for reporting purposes. They are the Campus Construction Debt Fund, Pension Obligation Bond Debt Fund, and Library Debt Fund. In all, the Township has seventeen individual governmental funds. Governmental funds are reported using the modified accrual basis of accounting.



**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**March 31, 2016**

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

These statements allow the reader to gain a much narrower focus on Township financial activity than the government-wide statements and make it possible to analyze short term financial decisions made by Township management.

- *Proprietary Funds* – The main feature distinguishing a proprietary fund from a governmental fund is the source of revenue. The governmental funds receive their primary funding from taxes and intergovernmental revenues, while the proprietary fund recovers all or a significant portion of its costs from user fees and charges (business-type activities).

The Township has two enterprise funds: the Water & Sewer Fund and Special Assessment District Fund. These two funds are combined and reported as a single proprietary fund. Proprietary funds are reported using the accrual basis of accounting, which is the same method used in the government-wide statements and in most private-sector businesses.

- *Fiduciary Funds* – These funds are used to account for resources held in trust by the Township for the benefit of parties other than the governmental entity. These funds are not available to be used for Township programs, and therefore are not included in the government-wide statements. The majority of the resources in this fund category are set aside to satisfy the defined benefit pension liability to Township employees and retirees.

The Township reports four fiduciary funds: the Trust & Agency Fund, Retiree Health Care Fund, Retirement System Pension Trust Fund, and the 401A Defined Contribution Plan Fund. Fiduciary funds are reported using the accrual basis of accounting.

**Notes to the Financial Statements**

The Notes provide additional detailed information that is essential for a reader to receive a complete understanding of the information presented in the government-wide and fund financial statements.

**Required Supplementary Information**

This section further explains and supports the information in the financial statements and includes a budgetary comparison schedule for the General Fund and major special revenue funds.

**Other Supplementary Information**

This section includes the Combining and Individual Fund Financial Statements and Schedules for non-major governmental and fiduciary funds.

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**March 31, 2016**

**FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE**

Net position is one indicator of a government's financial condition either at a given point in time or as compared over a period of time. Bloomfield Township's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources (net position) by \$27,258,878. In particular, the net position of the governmental activities decreased by \$(10,235,381) and the business-type activities increased by \$4,541,074. For the purpose of this analysis, the fiduciary funds and the component unit are excluded as these resources are not available to support Township programs.

It is important to note that a large portion of the Township's net position consists of investments in capital assets (land, buildings, vehicles, equipment and infrastructure) and not in cash or cash investments; therefore the majority of these assets are not available to be used for day-to-day operations. At the close of the most recent fiscal year, 58% of the Township's total assets consisted of capital assets with the remaining 42% consisting primarily of current assets (cash, marketable securities, receivables, prepaid expenses, and inventory) and long-term receivables. The deferred outflow is not considered an asset.

The unrestricted portion of net position is \$(49,700,368). This is the second year reporting a negative balance, which is being caused by the annual OPEB liability being recorded of over \$5M in addition to implementation of GASB 67 & 68. This negative balance of net position will be the new normal for most municipalities as they are all now required to show their net pension liability. The net investment in capital assets totaled \$72,197,960. The Township has positive balances in all fund types and in each of the individual funds within the fund types.

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**March 31, 2016**

Table 1  
Net Position  
(In Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
<b>Assets</b>						
Current and other assets	\$ 71.5	\$ 70.9	\$ 16.9	\$ 17.1	\$ 88.4	\$ 88.0
Capital assets	52.7	53.0	58.9	54.9	111.6	107.9
Total assets	<u>124.2</u>	<u>123.9</u>	<u>75.8</u>	<u>72.0</u>	<u>200.0</u>	<u>195.9</u>
Deferred outflow of resources	<u>17.1</u>	<u>74.6</u>	<u>1.1</u>	<u>-</u>	<u>18.2</u>	<u>74.6</u>
<b>Liabilities</b>						
Other liabilities	8.7	8.8	2.6	2.5	11.3	11.3
Long-term liabilities	<u>158.0</u>	<u>155.3</u>	<u>19.2</u>	<u>19.2</u>	<u>177.2</u>	<u>174.5</u>
Total liabilities	<u>166.7</u>	<u>164.1</u>	<u>21.8</u>	<u>21.7</u>	<u>188.5</u>	<u>185.8</u>
Deferred inflow of resources	<u>2.5</u>	<u>1.7</u>	<u>-</u>	<u>-</u>	<u>2.5</u>	<u>1.7</u>
<b>Net Position</b>						
Invested in capital assets -						
Net of related debt	29.3	28.6	42.8	37.9	72.1	66.5
Restricted	4.8	7.8	-	-	4.8	7.8
Unrestricted	<u>(62.0)</u>	<u>(3.7)</u>	<u>12.3</u>	<u>12.4</u>	<u>(49.7)</u>	<u>8.7</u>
Total net position	<u>\$ (27.9)</u>	<u>\$ 32.7</u>	<u>\$ 55.1</u>	<u>\$ 50.3</u>	<u>\$ 27.2</u>	<u>\$ 83.0</u>

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**March 31, 2016**

**Table 2**  
**Changes in Activities**  
**(In Millions)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 11.5	\$ 10.8	\$ 23.8	\$ 19.4	\$ 35.3	\$ 30.2
Operating grants and contributions	0.3	0.3	-	-	0.3	0.3
Total program revenues	11.8	11.1	23.8	19.4	35.6	30.5
General revenue:						
Taxes and assessments	38.4	39.8	-	-	38.4	39.8
State-shared revenue	3.2	3.2	-	-	3.2	3.2
Investment earnings (loss)	0.2	0.3	-	-	0.2	0.3
Capital contributions	-	-	0.1	-	0.1	-
Transfers and other revenue	(0.1)	2.4	-	-	(0.1)	2.4
Total revenue	53.5	56.8	23.9	19.4	77.4	76.2
<b>Program Expenses</b>						
Judicial	2.0	1.9	-	-	2.0	1.9
General government	10.7	11.5	-	-	10.7	11.5
Public works	9.6	12.2	-	-	9.6	12.2
Public safety	33.1	29.3	-	-	33.1	29.3
Community enrichment	3.7	3.9	-	-	3.7	3.9
Debt service	4.4	4.6	-	-	4.4	4.6
Other	0.2	0.2	-	-	0.2	0.2
Water & Sewer	-	-	19.4	19.5	19.4	19.5
Total program expenses	63.7	63.6	19.4	19.5	83.1	83.1
<b>Change in Net Position</b>	<b>\$ (10.2)</b>	<b>\$ (6.8)</b>	<b>\$ 4.5</b>	<b>\$ (0.1)</b>	<b>\$ (5.7)</b>	<b>\$ (6.9)</b>

**Governmental Activities**

Net position decreased by \$(10.2) million as a result of activities within these funds. There was a surplus in the total of the underlying governmental funds, but this was offset by over \$5 million in OPEB costs reported in the government-wide statements, in addition to the required implementation of GASB 67 & 68.

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**March 31, 2016**

**Governmental Activities (Continued)**

Property tax revenue increased by about 3.2% as the Township's taxable value increased by approximately 4% compared to last fiscal year. Property tax millage rates remained the same or declined due to Headlee rollbacks. The three debt service millages change annually to cover the principal and interest coming due. The increase in property values experienced this year was the third time since the housing market decline began in 2008. The Township expects to see the tax base increase by between 2.5% and 3.0% next year as home values are expected to continue to slowly increase going forward. Special assessments are also reported on this line of the government-wide statements. In 2015-16, four road special assessment districts were established to add to the six established in the previous two years, with revenues totaling \$1 million.

Program revenues are divided into three categories: 1) Charges for services, fees, fines, forfeitures, and rents, 2) Operating grants and contributions, and 3) Capital grants and contributions. Program revenues are very comparable to the prior year. Charges for services for the current year and prior year were \$11.5 million and \$10.8 million, respectively. The charges for services line includes items such as 48<sup>th</sup> District Court revenues, passport fees, copies and FOIA requests, assessing services provided to City of Sylvan Lake, motor pool services, street lighting charges, PBT revenue (breathalyzer tests), police security services, EMS transport fees, adult day services at the senior center, and cable services charges. At the government-wide level, charges for services also include licenses, permits, fees, and rent revenue. This revenue includes items such as planning and zoning fees, various senior center fees, permit fees, various rents, and franchise and PEG fees.

We incurred investment earnings for the fiscal year of \$192,909, a negative sign when compared to the previous year's investment earnings of \$353,453. This decrease is attributable to the investments held in the short-term bond mutual fund market, where the Township continues to lose asset value. The Township keeps as much cash invested as possible at any given point in time in order to maximize the earnings potential, and does so without restraining the daily operations. The last disbursement from the short-term bond mutual fund was October 2014. Since then, we have been laddering maturities of CD's to cover the cash needs of daily operations.

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**March 31, 2016**

**Governmental Activities (Continued)**

Total expenses for the year were \$63.7 million compared to \$63.6 million the prior year. The difference isn't attributable to any one item; it's a combination of many items. The following summarizes what funds or departments are included in the various governmental activities functions:

- Legislative – Township Board
- Judicial – 48<sup>th</sup> District Court rent and operations
- General government – Township Supervisor, Accounting, Township Clerk, Audit & Legal fees, Information Technology, Board of Review, Township Treasurer, Assessing, Elections, Buildings & Grounds, Motor Pool, and Building Inspection
- Public works – Road Fund, Safety Path Fund, and Special Assessment Capital Projects Fund
- Public safety – Ordinance, Police, Fire, Dispatch, Village Police & Fire, and Drug Law Enforcement
- Community enrichment – Planning, Zoning, Senior Services Fund, Lake Improvement Fund, and the Cable Studio
- Debt service – Campus Construction Debt Fund, Pension Obligation Bond Debt Fund, Library Debt Fund, Special Assessment Debt Fund, and Drain-at-Large Fund

Health insurance cost increases continue to be contained via the implementation of the high deductible consumer-directed health plan initiated for all active employees that began January 1, 2010. Recording of health insurance premiums was adjusted to more accurately reflect what portion is related to active employees versus retirees.

In November 2013, the Township sold pension obligation bonds to fully fund its defined benefit pension plan. Without this option, the Township would have seen its annual required contribution double. The significant increases to pension costs experienced in past years were mostly the result of poor investment returns caused by extremely low interest rates and a very volatile equity market, coupled with actuarial assumption changes reflecting longer life expectancies of participants. With the sale of the bonds, the Township has stabilized a significant budget item that has historically fluctuated year to year. The bonds will be paid over 20 years.

This year's court expenditures increased slightly from the prior year at \$2.0 million. The court operation revenues and expenditures will rise or decline as the Township case load fluctuates in comparison to the other three municipalities that share the court.

Even as the Township's taxable values have begun to slowly recover, it is imperative that management continue to pursue cost-cutting and cost containment strategies moving forward. Legal restrictions to property tax increases in the State of Michigan will not allow property tax revenues to be restored at anywhere near the pace at which they have declined. On a positive note, the major operating fund balances at year end are very healthy and are at levels to where it is not necessary to keep building them up. This is why for the fifth year the Township has opted to make a transfer into the Retiree Health Care fund to defray future retiree health insurance costs.

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**March 31, 2016**

**Governmental Activities (Continued)**

It is important to focus on the three major governmental operating funds within this group when analyzing expenditures.

Public Safety, the largest fund, had expenditures of \$22.2 million before transfers, an increase from the prior year amount of \$22.0 million to provide police, fire, EMS and dispatch services. This fund receives a large transfer from the General Fund. See the section titled "Financial Analysis of the Township's Major Funds" for a more detailed analysis of this fund.

The second largest operating fund, the General Fund, had expenditures of \$9.0 million before transfers compared to \$8.3 million the prior year. The various underlying activities of the General Fund fluctuated as they do every year, but in total there was no significant movement from last year to this year. See the section titled "Financial Analysis of the Township's Major Funds" for a more detailed analysis of this fund.

The Road Fund, the third major governmental operating fund, had expenditures of \$4.1 million before transfers compared to \$4.1 million the prior year. For many years now, this fund has had to operate at a much smaller size and scope than prior due to the housing market decline. This fund receives a large transfer from the General Fund. See the section titled "Financial Analysis of the Township's Major Funds" for a more detailed analysis of this fund.

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**March 31, 2016**

**Business-Type Activities**

Net position increased by \$4,541,074 as compared to last year. There is total net position of \$55,120,116 as compared to \$50,579,042 last year. The required implementation of GASB 67 & 68 caused the Township to record a prior period adjustment of \$280,356, restating the prior year's net position from \$50,298,692 to \$50,579,042.

The main sources of revenue to this fund are user fees to customers to cover the cost of water purchased from the Southeast Oakland County Water Authority (SOCWA) and sewage treatment charges paid to Oakland County. These fees also are used to cover the administrative expenses related to providing these services as well as costs to repair and maintain the water and sewer system. There is also some allowance made in the rates to provide resources for future capital improvements and major repair and maintenance of infrastructure. The water and sewer rates also cover the cost of debt retirement payments payable each fiscal year on water and sewer system improvements financed by the sale of bonds in prior years.

Water and sewer sales finished the year lower than what was budgeted. This was caused by several factors. We experienced another year of decreased water consumption. The water volume has decreased by 28% since 2008. This is the result of a combination of the effects of weather and residents being more aware and cautious of their water use. In the past, sewage treatment was billed based on water consumption, and then it was changed to be actually metered as it passes through the system. That method complicated our budgeting process because we cannot meter sewer consumption at the individual properties so we still must bill the sewer portion of our customer's bill based upon their water use while the Township was billed from Oakland County based upon a metered calculation. That new metering method brought the unpredictability of weather into the equation because rainfall and melting snow would leak into the sanitary sewer system and can cause significant weather related fluctuations in the amount the Township is billed. During the 2014-15 fiscal year, Oakland County changed the billing method again. It went from a quarterly invoice based on actual metered flows for the quarter, to a monthly invoice which is a fixed fee based upon the Township's contribution of flow to the Evergreen-Farmington system. Currently, this is approximately 16%. The Township must adopt its budgets before March 31<sup>st</sup> of each year. The Water & Sewer Fund is the most difficult fund to budget, and therefore contains the most estimates and assumptions of any of the funds. Volumes used by the residents must be estimated, and the Township never receives final rates from its two major suppliers until after the budget has been prepared and adopted. Therefore, calculations and rates used in the adopted budget rarely match up to the actual rates that are then adopted by the Township Board and put in place for residents effective in April of each year.



**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**March 31, 2016**

**Business-Type Activities (Continued)**

Fund expenses finished the year at about 81% of budget, with revenues under as well at about 94% of budget. The result was a net increase of \$4,541,074 for the year, compared to a net loss of \$(150,851) the prior year. The Township continues to include depreciation expense with the annual water and sewer rates. The 2015-16 rates also included a capital component as the depreciation rate is tied to volumes and is insufficient to keep up with the annual infrastructure demands. The water and sewer infrastructure continues to age and it is necessary to build up the reserves in order to fund projects while limiting the issuance of bonds, as well as maintain a balance as an emergency fund. Operating expenses decreased by 33% as compared to last year. With the comparison between the last two years and the budget being such a drastic difference, we have prepared a summary of the major components below:

- Principal payments of approximately \$1.1M were budgeted for transparency purposes, but because this is a full accrual basis fund they must be recorded as a reduction to liabilities and not as an expense of the fund.
- The Township was required to implement GASB 67 & 68 this year, which caused an adjustment to be recorded decreasing the net expenses by approximately \$662,000.
- A transfer out of \$2.7M to a trust fund for retiree health care occurred which reduced the current year required OPEB expense by approximately \$440,000.
- Personnel costs were under budget by approximately \$150,000 due to position vacancies throughout the year.
- Depreciation expense is by definition an estimate. The actual expense came in over budget by approximately \$181,000.
- Two expense accounts related to repairs and maintenance of the system came in under budget by approximately \$405,000. These accounts fluctuate year to year based upon what repairs are needed and what emergency situations arise.
- Non rate-based revenues were over budget by approximately \$391,000.

Overall, the water and sewer fund statement of net position is in good condition. While the fund experienced an increase to net position of \$4,541,074 for the year, this does not translate to an increase in cash of the same amount. In fact, when comparing a snapshot picture of cash balances between the two years it shows that net cash decreased by \$4,956,014. Without getting into the extremely complicated accounting rules of accruals and deferrals, the basic explanation has two components. A cash transfer of \$2.7M was made out of this fund into a fiduciary fund, which was an accumulation of prior year expenses not a current year expense. Secondly, \$5.9M was spent on the purchase of capital assets. In this type of fund, capital assets are not an expense when purchased.

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**March 31, 2016**

**Business-Type Activities (Continued)**

Prior to fiscal year 2011, the Water & Sewer fund experienced 5 consecutive years of operating losses. Management remains proactive and is taking the steps necessary to contain costs and mitigate the possibility of future operating losses. Some of these steps included lowering expected consumption estimates and making part of the rate structure a fixed fee, not subject to use, to match changes made by the suppliers. Also, to contain cost increases the employees had been under a pay freeze from 2009 to 2013. They also had their health plan changed to the high deductible plan that all other employees have accepted as of January 10, 2010, and like the other funds new hires are no longer eligible for retiree health care but rather a much less expensive retiree health savings account. The Township continues to have one of the lowest operating cost components when compared to its peers.

Management also understands it has a significant responsibility to maintain and replace aging infrastructure. As with any aging infrastructure, water supply piping becomes less reliable to provide adequate flows due to long-term wear on the internal pipe lining and operational valve components. The Township's sanitary sewer system has been designated as in non-compliance as per a 1989 Pollution Abatement Order from the Michigan Department of Environmental Quality (MDEQ) for exceeding the Township's allocated capacity contribution to the Evergreen-Farmington Sewage Disposal System's (EFSDS) sanitary sewer overflows. The MDEQ is requiring the Township to find and eliminate sources of inflow and infiltration by way of sewer metering, video inspection and pipe rehabilitation. The Township is well into this process and the successful elimination of such sources will potentially reduce the Township's contribution to the EFSDS regional improvements scheduled to be constructed and completed by November 2017.

The water supply infrastructure concerns mentioned above have been prioritized and broken into several phase capital improvement programs designed to replace about \$43,000,000 of water & sewer infrastructure. The process to sell bonds for Phase I began early in fiscal 2005-06. These bonds amounting to \$4,470,000 were sold in May 2006. Phase II bonds amounting to \$4,750,000 were sold in March 2008 at the same time as a \$4,000,000 bond sale for sewer system improvements. An additional \$3,000,000 in bonds was sold in April 2011 for sewer system improvements. Phase III water system bonds of \$3,250,000 were sold in April 2013. These bonds are being repaid by flat rate debt service charges applied to customer bills. After five years of operating losses and upon urging from our auditors, in 2012 the Township adjusted the water & sewer rates to include depreciation, and in 2015-16 added an additional component for funding capital projects. The funds collected through the water & sewer rates for these items are intended to be used for water & sewer capital improvements. While we cannot show these amounts as restricted on the face of the financial statements, it is the intent of the Township to use these funds as indicated. At the end of the fiscal year the department designated over \$6.5 million for replacement and improvements, compared to \$9 million the prior year. This decrease is the result of increased activity of investing funds into the system over the past year.

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
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**Governmental Accounting Standards Board (GASB) Statement No. 34** requires that funds designated as "major" be presented as a separate column on the face of the financial statements. Statement 34 defines a "major fund" as the General Fund, and any governmental or enterprise fund which has either total assets, total liabilities, total revenues or total expenditures/expenses that equal at least ten (10) percent of those categories for either the governmental funds or the enterprise funds and where the individual fund total also represents five (5) percent of those categories for governmental and enterprise funds combined.

The funds within this group provide information on near-term inflows, outflows and balances for the Township's main operating funds. The information contained in these funds is useful in determining the financing requirements of the Township, particularly as related to their major revenue source - property taxes. However, it is important to remember that these audited financial statements represent a snapshot as of one point in time and the financial picture changes constantly throughout a fiscal year. This is especially significant when analyzing the Township's financial data because property taxes are collected very late in the fiscal year (final due date is February 14<sup>th</sup>); meaning most of the cash and fund balances as of the fiscal year end exist because this major revenue source has just been collected. For this reason, a snapshot as of March 31<sup>st</sup> may be misleading as to the financial strength of this particular group of funds. Certainly small fund balances, although positive, would not necessarily represent a healthy financial position at this particular point in time. The cash on hand is necessary to meet expenses for the following nine months of operation before the next year's tax bills can be sent out. However, the current fund balances have been steadily improving in recent years and are considered to be sufficient and appropriate to meet the ongoing obligations of the funds.

**General Fund**

The general fund is a key operating fund of Bloomfield Township. Several major revenue sources flow through the general fund including property taxes, state revenue sharing, and investment earnings. At the end of the fiscal year, the total fund balance of the general fund was \$12,504,251, an increase of \$665,889 over the prior year balance of \$11,838,362. Most of the fund balance is unassigned with a balance of \$11,983,601, the remainder being nonspendable for inventory and prepaid items and for long-term receivables. Consequently, most of the balance is available for spending at the administration's discretion and that would include being used to transfer money to supplement other Township funds. It is recommended to have fund balance equivalent to 20% of annual expenditures as a minimum. As of the fiscal year end, this fund has fund balance equivalent to 79% of annual expenditures. As explained earlier, this calculation is as of a specific day in time and fluctuates greatly depending on the time of year it is calculated.

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**General Fund (Continued)**

This fund is currently in very good to excellent financial shape but will continue to face several significant challenges going forward. Property tax revenue seems to have hit bottom in 2012 and is expected to continue to improve next year as the housing market bounces back but it will do so at a slow pace. Also, in the near term it appears there is no relief in sight from the extremely low interest rate returns on invested tax dollars. The fund recorded more in revenue this year as compared to last year with an increase in property taxes. State revenue sharing still remains far below what it was about a decade ago. The difficult financial situation at the state level does seem to be recovering but state shared revenue payments to local governments still have a long ways to go to recover to the levels paid in the past. Investment earnings continue to be below historical averages with a gain of \$33,190 in this fiscal year, the result of extremely low interest rates being paid on certificates of deposit and money market funds, and the short-term bond mutual fund market rates remaining low. For next year, we are expanding our investment vehicles to include a new money market account and a local government investment pool. As recently as fiscal year ended March, 2008 we generated over \$1.6 million in investment income. In recent fiscal years and going forward it has been and will be difficult to achieve even a tenth of that amount per year.

Revenues finished the year at 101% of budget with variations coming from a wide array of accounts, some coming in under budget and others over budget. The most notable discrepancies include state revenue sharing with an unfavorable variance of \$(65,301), district court revenue with a favorable variance of \$307,325, a higher than expected MMRMA insurance premium refund of \$293,549, and finally investment earnings with an unfavorable variance of \$(166,810).

Expenditures before transfers were \$9,009,190, an increase of \$668,644 when compared to the prior year of \$8,340,546. Transfers out of the general fund in the current year were \$6,775,043 and the prior year totaled \$7,381,418, with most of the funds transferred to the public safety fund both years. Effective beginning with fiscal year 2013-14 the Township transferred funds to the Pension Obligation Bond Debt fund; the amount was \$875,043 this fiscal year and was \$952,989 last fiscal year. As anticipated, the general fund is transferring all of the 2010 millage tax dollars to the public safety fund and road fund to provide necessary support as these funds have been hit the hardest by the decreased property tax revenue. The fund also was able to make a transfer to the retiree health care trust fund both years; \$500,000 this year and \$500,000 in the prior year. Comparing actual expenditures between the current year and prior year shows an increase of only .02%. Well aware of the economic situation, the departments that are reported in the general fund have maintained a status-quo attitude when it comes to maintaining their operations. Even though personnel costs continue to increase, management has been able to partially absorb that with savings in other areas.

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**General Fund (Continued)**

Expenditures in this fund are not as dominated by personnel costs as some of the other major operating funds but still play a major role. This leaves the fund vulnerable to health care, pension and other fringe benefit costs that historically have increased at a greater pace than the fund's revenues. Management has been working aggressively for well over a decade to control these costs. Major changes have taken place over the past decade including requiring that all employees hired after 2005 are enrolled in a defined contribution pension plan rather than defined benefit plan. Effective January 2010, all active employees were enrolled in a high deductible consumer driven health care plan that in its first year reduced health care expenditures by over \$1.5 million. Effective May 1, 2011, any new hires are no longer promised retiree health care benefits, instead they are enrolled in a retiree health savings plan. The Township's administration remains committed to the education and involvement of all employees of the organization in an effort to contain fringe benefit costs. The Township's administration also regularly meets with its consultants and vendors involved in the employee benefit programs to explore present and future potential solutions to lower and/or contain these costs. In 2014, the Township formed a Financial Sustainability Committee.

Expenditures finished the year at 97.4% of budget including transfers out and the unbudgeted transfer to the retiree health care trust fund of \$500,000. The favorable budget variances were spread throughout many of the activities accounted for in this fund. The largest favorable variance being transfers out which was under budget by \$775,000 before making the \$500,000 transfer referred to above. The current economic volatility is making long-term budget forecasting much more problematic. The good news is that even through the volatility we have experienced, the Township's management was able to follow the five year strategic plan established in 2008 and used a combination of revenue replacement and reduced expenditures to maintain a balanced financial situation while maintaining services at the high level residents have come to expect. The Township has been working on a capital infrastructure plan.

**Road Fund**

The road fund is the third largest operating fund in size and scope of the three major governmental operating funds. Bloomfield Township is the only township in the state with its own road department. It has an agreement with Oakland County to allow the Township to maintain most of the subdivision roads which remain owned by the County. At the end of the fiscal year the fund balance was \$2,508,295. The overall fund balance increased by \$71,149 as compared to the prior fiscal year. Presently, this fund balance amount provides sufficient cash resources to meet operating expenses until the property tax revenue is received toward the end of the subsequent fiscal year. It is recommended to have fund balance equivalent to 20% of annual expenditures as a minimum. As of the fiscal year end, this fund has fund balance equivalent to 62% of annual expenditures.

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**Road Fund (Continued)**

With the decline in property taxes, fund revenues have consistently fallen short of expenditures in recent fiscal years requiring contracted maintenance work to be cut back or eliminated. This fiscal year was the third year of moving in the right direction of spending more on paving contract work, with an expense of \$621,286 compared to \$550,777 the prior year. Due to years of Headlee rollbacks to the road millage, the general fund must transfer funds to the road fund in order to maintain an adequate level of service. This fiscal year the transfer amounted to \$1,250,000 as compared to \$1,350,000 last year. The general fund would need to provide a much greater supplement to the road fund if not for the significant reductions that have been made in recent years to maintenance work and capital outlay in an effort to cut overall costs due to the steep decline in property tax revenue that has occurred. Without the general fund support, the road fund cannot cover annual operating expenditures. If in the future general fund support is no longer possible, services will have to decrease or other revenue sources will have to be obtained.

Currently, the major revenue sources of the fund include property taxes of \$2,390,191, the general fund transfer of \$1,250,000 and Oakland County Road Commission contract repayments totaling \$674,973. Approximately 44% of the funds expenditures are related to personnel, the remainder are the operating costs of repairing and maintaining the roads. To help control costs, road department employees had agreed to the same health care and pension changes as the general fund employees. The combination of deteriorating road conditions, dependence upon property tax revenue, and the need for general fund support make this the most vulnerable of the three major operating funds. Much of the local road replacement projects that will be necessary in future years will have to be paid for via special assessments. As a last resort, the responsibility for maintaining the roadways could be returned to the Oakland County Road Commission. Presently, the fund is in reasonable financial condition and management is committed to continue providing high quality road maintenance services to the Township residents.

**Public Safety Fund**

This special revenue fund is by far the largest within the governmental fund type category. The costs associated with providing police services, Fire/EMS services and dispatch services are all paid from this fund. At the end of the fiscal year, the fund balance was \$13,564,688. The overall fund balance increased by \$168,245 compared to the prior year. It is recommended to have fund balance equivalent to 20% of annual expenditures at a minimum. As of the fiscal year end, this fund has fund balance equivalent to 61% of annual expenditures.

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
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**Public Safety Fund (Continued)**

Total revenues ended the year at 101% of budget. The public safety fund derives over 92% of its revenue for operations from property taxes, thus this fund has taken a hard financial hit from the decline in taxable property values leading up to a much needed increase the past three years. The general fund transfer has gone from nothing in fiscal year 2010 to \$4,150,000 in fiscal year 2016, and we are projecting the fund to need a transfer of \$4,325,000 next year. If you exclude the transfer, the fund's total revenues were consistent with the prior year. Other than property taxes and a transfer from the general fund, the major revenue sources include over \$960,000 of EMS Transport Fees, and over \$360,000 in various charges for services. Total expenditures before transfers were \$190,365 more than the prior year. This is reasonable as the majority of expenses for this fund are related to personnel and personnel costs continue to rise. The expenditures before transfers ended the year at 98% of budget.

The historical trend for this fund has seen fringe benefit expenditures increase at a greater rate than fund revenue that comes mostly from the four public safety property tax millages. This trend over time cannot be sustained. Management must continue to take action that will stop or reverse this trend. This problem has been especially challenging given the lengthy decline in property values causing significant reduction in revenue to this fund. To offset some of the lost revenue a 1.30 mill proposal was passed in February of 2010. Currently, all of the tax collected from this millage is being used to maintain police and fire services as closely as possible to current levels. Despite this source of revenue, management must continue to take action to contain cost increases to this fund. Presently, the Township spends over \$5.5 million on life and health insurance for active and retired public safety personnel. This would be a significantly larger number if we hadn't made changes to the benefits. Public safety employees under union contracts were on pay freezes from fiscal years 2010 to 2013. Negotiated contracts have eliminated the retiree health care benefit for all new hires, replacing it with a much less expensive retiree health savings account. The administration also implemented a new high deductible, consumer directed health care plan for all active Township employees eligible for medical benefits beginning in January 2010.

The legal restrictions on a local government's ability to increase property tax revenues in the state of Michigan makes it very difficult for this or any fund that relies almost exclusively on property tax revenue to absorb expenditure increases greater than the consumer price index for an extended period of time. Consequently, even though the present financial position of the public safety fund is very good and it appears that 2013 marked the bottom of property value declines, management must continue to find ways to permanently contain and/or reduce the rate at which fund expenditures increase. Failure to do so would almost certainly lead to a reduction in the work force hampering the department's ability to provide critical services in a timely manner.

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**Campus Construction Debt Fund**

This fund was established in 2007 to account for revenues and expenditures related to the sale of \$26,000,000 in bonds to pay for the constructions of a new maintenance facility, new central fire station, a new senior center and a major renovation to another fire station. The bonds were sold in November of 2007 and are backed by the full faith and credit of the Township. This fund accounts for property tax revenue and principal and interest payments related to the bonds. The required debt retirement levy this year was 0.48 mills in order to make the scheduled principal and interest payments of \$1,598,225. After making the \$600,000 principal installment this year the outstanding bond debt was \$22,400,000. The fund had a year end fund balance of \$1,492,789, which is an increase of \$13,628 over the prior year balance of \$1,479,161 with that money necessary to make the principal and interest payments due prior to the next tax levy.

**Pension Obligation Bond Debt Fund**

This fund was established in 2013 to account for revenues and expenditures related to the sale of \$80,780,000 in bonds to fund the defined benefit pension plan. This was allowed under State of Michigan Public Act 329 of 2012. The taxable bonds are backed by the full faith and credit of the Township. This fund accounts for contribution revenue in the form of transfers from the various Township funds, and in turn makes the principal and interest payments related to the bonds. Principal and interest payments for the year totaled \$6,236,945. After making the \$3,270,000 principal installment this year the outstanding bond debt was \$72,710,000. The fund had a year end fund balance of \$2,944.

**Library Debt Fund**

This fund was established in 2004 to account for the bonded debt taken on behalf of the Bloomfield Township Public Library (component unit) to pay for a major addition and renovation to their building. The original bond sale was for \$22,875,000 with the final payment due on May 1, 2024. The bonds are backed by the full faith and credit of the Township. This fund accounts for property tax revenue and principal and interest payments related to the bonds. These bonds were refunded in August 2012 to take advantage of lower interest rates. The required debt retirement levy this year was 0.50 mills in order to make the scheduled principal and interest payments of \$1,645,387. After making the \$1,345,000 principal installment this year the outstanding bond debt was \$13,735,000. The fund had a year end fund balance of \$1,694,235, with that money necessary to make the principal and interest payments due prior to the next tax levy.

**CAPITAL ASSETS**

The Townships total capital assets net of accumulated depreciation for its governmental activities amounted to \$52,672,504. This represents a decrease of \$307,144 from the prior year balance of \$52,979,648. The annual amount of depreciation was greater than the amount of new purchases of capital assets.



**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
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**CAPITAL ASSETS (Continued)**

The business-type activities capital assets amounted to \$58,874,665, an increase of \$3,980,954 when compared to the prior year of \$54,893,711. Most of these assets are being depreciated over an estimated useful life of 50 years. As stated earlier in this report, this fund has been investing restricted cash and bond proceeds into both the water and sewer systems by replacing the aged existing infrastructure. During this fiscal year, the Township spent over \$5.6 million on improvements to the water and sewer systems, compared to over \$5.8 million the prior year.

The capital assets include land, buildings, improvements to properties other than buildings, machinery and equipment, furniture and fixtures, vehicles, infrastructure, water system, sewer system, and Township share of county sewers.

Some capital asset events that occurred during the current fiscal year included the following:

- General Fund purchased 3 vehicles at a cost of \$88,718
- Road Fund purchased a Dump Truck at a cost of \$213,204
- Road Fund purchased 2 pickup trucks for \$74,641
- Police Department purchased 4 vehicles at a cost of \$127,591
- Fire Department purchased a rescue truck at a cost of \$185,745
- Fire Department purchased over \$156,000 of equipment funded through a grant
- Building Inspection purchased 3 vehicles at a cost of \$81,264
- Safety Path construction at a cost of \$2,175,152
- W&S Fund purchased 2 pickup trucks at a total cost of \$55,626
- Improvements to water and sewer infrastructure costing \$5,675,030

**LONG-TERM DEBT**

At the end of the fiscal year, the Township had total governmental long-term debt outstanding, including amounts due within one year, of \$117,503,212. The majority of the governmental debt consists of bonded debt of \$13,735,000 to pay for the library addition and renovation, \$22,400,000 to pay for campus additions and renovations, and \$72,710,000 to fund the defined benefit pension plan. The pension debt payments are funded by the various departments or funds making transfers into a pension obligation bond debt fund which in turn makes the principal and interest payments. The fire department is one year into a five-year capital lease on a ladder truck with a balance of \$579,835. There is also \$4,985,000 outstanding to pay for ten road special assessment districts. The Township sold bonds for these projects and will be repaid by the residents in those districts through annual special assessments. The remaining debt within the governmental funds reflects the Township's share of county debt for various storm sewer projects. Other than the pension debt and special assessment debt, all other governmental activity debt is being paid for via ad valorem property tax levies. There was a reduction to governmental debt of \$6,591,966 and additions of \$1,250,000.

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**LONG-TERM DEBT (Continued)**

The Township had total business-type debt outstanding, including amounts due within one year, of \$19,830,342. The bonded debt in the business-type activity fund consists of the Township share of county debt obligations for various sanitary sewer construction projects within the Township as well as debt issued by the Township related to the water and sewer system capital improvement programs. The water and sanitary sewer debt obligations are paid for using funds collected from customers on their monthly or quarterly bills.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its state equalized valuation. Special assessment bonds and County issued bonds do not count towards this limit. At the time of the last bond sale, September 2015, the Township's legal debt margin was 7%.

As a result of bond sales over the last decade amounting to over \$69,000,000, much of the Township's major infrastructure and facility needs should be taken care of well into the future. However there are still some roadway, and water and sewer infrastructure challenges ahead in the near term that will likely necessitate new debt issues. The Township administration is currently working on a capital infrastructure plan.

**ECONOMIC FACTORS AND LOOKING FORWARD**

The Township's present financial condition in both the governmental and the business-type funds is good. Standard & Poor's reaffirmed the Township's AAA bond rating this year. In 2014, Bloomfield Township was ranked 13<sup>th</sup> Safest City in Michigan by Safewise. We have seen three consecutive years of property taxes increases, along with double digit increases in building inspection fund activities since 2013.

Property tax revenues increased for the third year in a row. State revenue sharing was flat as it is tied to the state's sales tax collections, and overall is still historically low. The state economy continues to improve, and so we expect state revenue sharing to continue to increase annually.

Even though property values appear to be rising significantly, property tax increases will be limited to the rate of inflation or 5%, whichever is less. The consumer price index this year was 1.6%, the same as the prior year. It will take constant monitoring to ensure budget restraints and requirements are achieved.

In 2013, the Township addressed its pension liability by selling pension obligation bonds. This stabilized an annual expenditure that used to fluctuate year to year based upon an actuarial report.

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
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**ECONOMIC FACTORS AND LOOKING FORWARD (Continued)**

Moving forward, the focus should be on the OPEB liability. The Township has always been on a pay-as-you-go basis for this liability, and this is not only allowable by law but is practiced by many municipalities. The Township did analyze whether it would make sense to fund the OPEB liability with bonds similar to the pension. The conclusion was that the debt would be unsustainable, meaning the annual debt costs would far exceed what the fund budgets could afford. A few years ago, GASB began requiring entities to report this liability on the government-wide statements, which dramatically changes the financial picture of the Township when comparing the modified accrual statements to the full accrual statements. This adjustment added over \$5.4 million in OPEB liability to the statements this year. The total liability according to the latest actuarial report is \$157 million. As of the end of the fiscal year, the Township had set aside \$6.2 million towards funding retiree health care. While it may not seem like much when compared to the total liability, it shows the Township is attempting to address the issue even at a time where surplus funds have been almost non-existent.

Please refer to Table 1 presented earlier. As of March 31, 2015, the unrestricted net position was a negative \$(3.7) million and total net position was \$32.7 million. As of March 31, 2016, the unrestricted net position is a negative \$(62.0) million and total net position is a negative \$(27.9) million. A few years ago we noted that we expected to report a negative unrestricted net position as of March 31, 2015, and a negative total net position shortly after that. Both of these have since come true. This means at the government-wide level, which reports on a full accrual basis, the Township has total liabilities that are greater than total assets. The Governmental Accounting Standards Board (GASB) recently released GASB 74 and 75 relating to OPEB liabilities. We will have to implement these in our March 31, 2018 fiscal year. It will require municipalities to report OPEB liabilities in the same or similar manner to how pension liabilities are being reported. For the Township, this means instead of adding \$5-7 million in OPEB liability each year, we would be required to report the entire \$157 million liability on the government wide statements. Keep in mind though, that the OPEB liabilities being reported are long-term in nature. When this occurs, all municipalities will be facing the same scenario but to varying degrees. The Township has always addressed the OPEB liabilities on a pay-as-you-go basis and plan to continue to do so in the future. The credit rating agencies have been well aware of this for many years, and understand that the Township is operationally in a very strong position.

The condition of roads has been poor for many years, not only in the Township but throughout the entire state. Since 2013, the Township has assisted residents with the formation of ten road special assessment districts (SAD), with more anticipated in the future. Road SAD's have become more popular with residents in recent years as a way to fix subdivision roads, yet be able to pay for the cost over 15 years. The state passed Public Act 429 of 2014 which amended prior legislation on treatment of special assessments to the benefit of the residents.

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**ECONOMIC FACTORS AND LOOKING FORWARD (Continued)**

Management's ability to find ways to continue to contain expenditures in this challenging financial environment will determine the long-term outlook for the Township's ability to provide services. However, quite often the greater the potential benefit the more difficult the potential solution becomes. Township management is committed to taking a proactive approach in the anticipation and resolution of each and every challenge we presently face. The ultimate goal is to continue to provide services in the public sector with as much local control and access as possible. Management remains confident that the employees and elected officials of Bloomfield Township possess the capability, foresight, and resolve necessary to successfully meet these challenges.

**REQUESTS FOR INFORMATION**

Questions concerning any of the information contained in this report or requests for additional financial information should be addressed to the Bloomfield Township Finance Director, 4200 Telegraph Road, Bloomfield Township, MI 48302. The Township's comprehensive strategic plan and current budget information are available on the Township website: [www.bloomfieldtwp.org](http://www.bloomfieldtwp.org).

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**STATEMENT OF NET POSITION**  
**March 31, 2016**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Library
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 11,732,516	\$ 1,273,669	\$ 13,006,185	\$ 546,038
Marketable securities	35,659,374	6,546,063	42,205,437	10,654,004
Receivables	3,176,772	5,203,568	8,380,340	-
Due from component unit	274,110	-	274,110	-
Prepaid items	154,262	-	154,262	16,107
Inventory	410,021	159,115	569,136	-
Total current assets	51,407,055	13,182,415	64,589,470	11,216,149
<b>NONCURRENT ASSETS</b>				
Net other postemployment benefit asset	-	35,337	35,337	-
Capital assets				
Nondepreciable assets:				
Land	828,648	-	828,648	131,015
Other	-	3,121,221	3,121,221	-
Depreciable assets:				
Land improvements	25,956,836	-	25,956,836	-
Building	45,390,832	-	45,390,832	26,693,479
Machinery, furniture and equipment	22,622,214	2,121,435	24,743,649	4,358,669
Library books and audiovisual materials	-	-	-	4,835,328
Investment in system	13,082,267	95,529,561	108,611,828	-
Less accumulated depreciation	(55,208,293)	(41,897,552)	(97,105,845)	(11,796,778)
Total capital assets	52,672,504	58,874,665	111,547,169	24,221,713
<b>OTHER ASSETS</b> - Long-term receivables	20,066,679	3,700,000	23,766,679	-
Total noncurrent assets	72,739,183	62,610,002	135,349,185	24,221,713
Total assets	124,146,238	75,792,417	199,938,655	35,437,862
<b>DEFERRED OUTFLOWS OF RESOURCES -</b>				
Pension	17,146,684	1,087,268	18,233,952	878,930
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	2,790,589	1,021,417	3,812,006	149,950
Accrued expenses and other liabilities	-	250,198	250,198	43,980
Due to primary government	-	-	-	274,110
Unearned revenue	-	253,451	253,451	-
Amount due within one year	5,903,174	1,080,343	6,983,517	157,731
Total current liabilities	8,693,763	2,605,409	11,299,172	625,771
<b>NONCURRENT LIABILITIES</b>				
Postemployment benefit obligations	40,546,610	-	40,546,610	2,120,776
Net pension liability	2,284,127	144,836	2,428,963	89,924
Amounts due in more than one year	115,151,068	19,009,324	134,160,392	319,762
Total noncurrent liabilities	157,981,805	19,154,160	177,135,965	2,530,462
Total liabilities	166,675,568	21,759,569	188,435,137	3,156,233
<b>DEFERRED INFLOWS OF RESOURCES -</b>				
Unearned revenue	2,478,592	-	2,478,592	-
<b>NET POSITION (DEFICIT)</b>				
Net investment in capital assets	29,358,294	42,839,666	72,197,960	24,221,713
Restricted for:				
Debt service	4,570,852	-	4,570,852	-
Community enrichment	190,434	-	190,434	-
Gifts	-	-	-	152,904
Unrestricted	(61,980,818)	12,280,450	(49,700,368)	8,785,942
Total net position (deficit)	\$ (27,861,238)	\$ 55,120,116	\$ 27,258,878	\$ 33,160,559

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**STATEMENT OF ACTIVITIES**  
Year Ended March 31, 2016

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
Primary government:								
Governmental activities:								
Legislative	\$ 22,255	\$ -	\$ -	\$ -	\$ (22,255)	\$ -	\$ (22,255)	\$ -
Judicial	2,012,970	1,907,325	-	-	(105,645)	-	(105,645)	-
General government	10,710,110	5,335,039	-	-	(5,375,071)	-	(5,375,071)	-
Public works	9,566,129	758,194	6,500	-	(8,801,435)	-	(8,801,435)	-
Public safety	33,117,674	1,504,146	234,535	-	(31,378,993)	-	(31,378,993)	-
Community enrichment	3,670,160	1,735,145	69,731	-	(1,865,284)	-	(1,865,284)	-
Debt service	4,434,185	223,148	-	-	(4,211,037)	-	(4,211,037)	-
Other	197,202	-	-	-	(197,202)	-	(197,202)	-
Total governmental activities	63,730,685	11,462,997	310,766	-	(51,956,922)	-	(51,956,922)	-
Business-Type activities -								
Water and sewer	19,042,814	23,731,761	-	29,530	-	4,718,477	4,718,477	-
Total primary government	<u>\$ 82,773,499</u>	<u>\$ 35,194,758</u>	<u>\$ 310,766</u>	<u>\$ 29,530</u>	<u>\$ (51,956,922)</u>	<u>\$ 4,718,477</u>	<u>\$ (47,238,445)</u>	<u>\$ -</u>
Component unit - Library	<u>\$ 6,875,865</u>	<u>\$ 127,721</u>	<u>\$ 117,860</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,630,284)</u>
General revenues:								
Taxes and assessments					\$ 38,387,736	\$ -	\$ 38,387,736	\$ 6,666,966
State shared revenue					3,194,699	-	3,194,699	12,207
Circulation revenue					-	-	-	82,987
Miscellaneous					93,810	2,056	95,866	12,048
Unrestricted investment earnings					192,909	45,328	238,237	20,651
Capital contributions					-	127,600	127,600	-
Transfer to Retiree Health Care Fund					(500,000)	-	(500,000)	-
Transfer to Pension Obligation Fund					352,387	(352,387)	-	-
Total general revenues and transfers					<u>41,721,541</u>	<u>(177,403)</u>	<u>41,544,138</u>	<u>6,794,859</u>
<b>CHANGE IN NET POSITION</b>					<u>(10,235,381)</u>	<u>4,541,074</u>	<u>(5,694,307)</u>	<u>164,575</u>
<b>NET POSITION (DEFICIT), Beginning of year, as restated</b>					<u>(17,625,857)</u>	<u>50,579,042</u>	<u>32,953,185</u>	<u>32,995,984</u>
<b>NET POSITION (DEFICIT), End of year</b>					<u>\$ (27,861,238)</u>	<u>\$ 55,120,116</u>	<u>\$ 27,258,878</u>	<u>\$ 33,160,559</u>

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**March 31, 2016**

	<b>General</b>	<b>Road</b>	<b>Public Safety</b>	<b>Special Assessment Debt Service</b>	<b>Pension Obligation Bond Debt Retirement</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 135,200	\$ 36,828	\$ 236,898	\$ 800,301	\$ 2,944	\$ 8,245,907	\$ 9,458,078
Marketable securities	9,124,816	2,485,900	13,598,592	-	-	10,450,066	35,659,374
Receivables (net):							
Delinquent taxes	1,415,726	-	-	-	-	-	1,415,726
Component unit	274,110	-	-	-	-	-	274,110
Special assessment	-	-	-	4,285,006	-	-	4,285,006
Other	1,524,034	-	50,465	-	-	335,609	1,910,108
Prepaid items	154,262	-	-	-	-	-	154,262
Inventory	270,138	139,883	-	-	-	-	410,021
<b>Total assets</b>	<b>\$ 12,898,286</b>	<b>\$ 2,662,611</b>	<b>\$ 13,885,955</b>	<b>\$ 5,085,307</b>	<b>\$ 2,944</b>	<b>\$ 19,031,582</b>	<b>\$ 53,566,685</b>
<b>LIABILITIES - Accounts payable and accrued expenses</b>							
	\$ 394,035	\$ 154,316	\$ 321,267	\$ -	\$ -	\$ 141,862	\$ 1,011,480
<b>DEFERRED INFLOW OF RESOURCES -</b>							
Special assessments	-	-	-	2,442,898	-	-	2,442,898
<b>FUND BALANCES</b>							
Nonspendable:							
Inventory and prepaid items	424,400	139,884	-	-	-	-	564,284
Long-term advances receivable	96,250	-	-	-	-	-	96,250
Restricted:							
Debt service	-	-	-	2,642,409	2,944	3,927,606	6,572,959
Roads and safety paths	-	2,368,411	-	-	-	3,180,558	5,548,969
Public safety	-	-	13,564,688	-	-	922,817	14,487,505
Community enrichment	-	-	-	-	-	190,434	190,434
Assigned:							
Community enrichment	-	-	-	-	-	8,157,634	8,157,634
Building inspection	-	-	-	-	-	2,510,671	2,510,671
Unassigned	11,983,601	-	-	-	-	-	11,983,601
<b>Total fund balances</b>	<b>12,504,251</b>	<b>2,508,295</b>	<b>13,564,688</b>	<b>2,642,409</b>	<b>2,944</b>	<b>18,889,720</b>	<b>50,112,307</b>
<b>Total liabilities and fund balances</b>	<b>\$ 12,898,286</b>	<b>\$ 2,662,611</b>	<b>\$ 13,885,955</b>	<b>\$ 5,085,307</b>	<b>\$ 2,944</b>	<b>\$ 19,031,582</b>	<b>\$ 53,566,685</b>

*The accompanying notes are an integral part of these financial statements.*

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement**  
**of Net Position**  
**March 31, 2016**

<b>FUND BALANCE REPORTED IN GOVERNMENTAL FUNDS</b>	\$ 50,112,307
Amounts reported for governmental activities in the statement of net position are different because:	
Adjustments required to convert balances to full accrual basis from modified accrual basis.	
Add: service receivable	2,945
Add: special assessment receivable	15,629,935
Deduct: accounts payable	(3,570)
Deduct: accrued interest payable	(1,775,539)
Deduct: deferred revenue	(35,694)
Add: deferred outflow of resources	17,146,684
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Add: capital assets	107,880,797
Deduct: accumulated depreciation	(55,208,293)
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Deduct: contracts and loans payable	(117,230,338)
Deduct: net pension liability	(2,284,127)
Deduct: compensated absences	(1,549,735)
Deduct: postemployment benefit obligations	(40,546,610)
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ (27,861,238)</u></b>



**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**Year Ended March 31, 2016**

	<u>General</u>	<u>Road</u>	<u>Public Safety</u>	<u>Special Assessment Debt Service</u>	<u>Pension Obligation Bond Debt</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUE</b>							
Taxes and assessments	\$ 7,741,008	\$ 2,390,191	\$ 20,774,370	\$ 543,828	\$ -	\$ 8,367,085	\$ 39,816,482
Grants	-	6,500	234,535	-	-	69,731	310,766
Road fund repayments	-	674,973	-	-	-	-	674,973
State shared revenues	3,194,699	-	-	-	-	-	3,194,699
Charges for services	665,823	29	1,333,178	-	-	497,910	2,496,940
Licenses, permits and fees	1,038,179	43,827	17,448	-	-	2,648,532	3,747,986
Investment earnings	33,190	-	-	159,719	-	-	192,909
Fines and forfeitures	1,914,885	-	-	-	-	36,539	1,951,424
Rent	1,163,983	-	-	-	-	-	1,163,983
Fees	-	-	-	-	-	369,835	369,835
Reimbursements	146,427	26,795	51,931	-	-	45,225	270,378
Miscellaneous	510,783	28,217	100,697	-	221,410	26,826	887,933
Total revenue	<u>16,408,977</u>	<u>3,170,532</u>	<u>22,512,159</u>	<u>703,547</u>	<u>221,410</u>	<u>12,061,683</u>	<u>55,078,308</u>
<b>EXPENDITURES</b>							
Operating:							
Legislative	22,255	-	-	-	-	-	22,255
Judicial	2,012,970	-	-	-	-	-	2,012,970
General government	5,933,052	-	-	-	-	1,283,724	7,216,776
Public works	-	3,711,092	-	-	-	1,703,265	5,414,357
Public safety	228,620	-	21,340,161	-	-	505,150	22,073,931
Community enrichment and development	307,473	-	-	-	-	2,778,117	3,085,590
Debt service	-	-	-	-	-	2,047	2,047
Other	197,202	-	-	-	-	-	197,202
Capital outlay	307,618	352,639	756,935	-	-	2,489,432	3,906,624
Debt service:							
Principal retirement	-	-	107,332	275,000	3,270,000	2,939,634	6,591,966
Interest and fiscal changes	-	-	17,801	124,127	2,967,195	1,461,047	4,570,170
Total expenditures	<u>9,009,190</u>	<u>4,063,731</u>	<u>22,222,229</u>	<u>399,127</u>	<u>6,237,195</u>	<u>13,162,416</u>	<u>55,093,888</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>7,399,787</u>	<u>(893,199)</u>	<u>289,930</u>	<u>304,420</u>	<u>(6,015,785)</u>	<u>(1,100,733)</u>	<u>(15,580)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Bond proceeds	-	-	-	-	-	1,250,000	1,250,000
Transfers in	41,145	1,250,000	4,150,000	-	6,015,535	-	11,456,680
Transfers out	(6,775,043)	(285,652)	(4,271,685)	-	-	(271,913)	(11,604,293)
Total other financing sources (uses)	<u>(6,733,898)</u>	<u>964,348</u>	<u>(121,685)</u>	<u>-</u>	<u>6,015,535</u>	<u>978,087</u>	<u>1,102,387</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>665,889</u>	<u>71,149</u>	<u>168,245</u>	<u>304,420</u>	<u>(250)</u>	<u>(122,646)</u>	<u>1,086,807</u>
<b>FUND BALANCES, Beginning of year</b>	<u>11,838,362</u>	<u>2,437,146</u>	<u>13,396,443</u>	<u>2,337,989</u>	<u>3,194</u>	<u>19,012,366</u>	<u>49,025,500</u>
<b>FUND BALANCES, End of year</b>	<u>\$ 12,504,251</u>	<u>\$ 2,508,295</u>	<u>\$ 13,564,688</u>	<u>\$ 2,642,409</u>	<u>\$ 2,944</u>	<u>\$ 18,889,720</u>	<u>\$ 50,112,307</u>

*The accompanying notes are an integral part of these financial statements.*

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances of Governmental Funds to the Statement of Activities**  
**Year Ended March 31, 2016**

**NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** \$ 1,086,807

Amounts reported for governmental activities in the statement of activities are different because:  
Adjustments required to convert balances to full accrual basis from modified accrual basis

Deduct:	service receivables	(713)
Deduct:	deposits and accrued expenses	(35)
Deduct:	special assessment receivables	(1,429,389)
Deduct:	deferred revenue	(2,139)
Add:	change in accrued interest	30,026
Add:	deferred outflow of resources	17,903,973
Deduct:	loss on disposal of assets	(3,148)
Deduct:	amortization of deferred outflows/inflows	(5,178,621)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense

Add:	capital outlay	3,522,366
Deduct:	depreciation expense	(3,826,362)

Governmental funds report bond proceeds as revenues. However, in the statement of net position, the receipt of those assets are allocated to the marketable securities and expenses related to the project

Deduct:	bond proceeds net of discount/premiums	(1,286,348)
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Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long term liabilities in the statement of net position

Add:	principal payments on long term liabilities	6,591,966
Add:	decrease in accrual for compensated absences	4,230
Deduct:	increase in net pension liability	(22,181,479)
Deduct:	increase in accrual for post employment benefits	(5,466,515)

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ (10,235,381)

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**March 31, 2016**

	<u>Enterprise Fund</u>	<u>Governmental Activities Proprietary Internal Service Fund</u>
	<u>Water &amp; Sewer</u>	
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash, cash equivalents and investments:		
Unrestricted	\$ 726,940	\$ 2,274,438
Restricted	546,729	-
Marketable securities - unrestricted	6,546,063	-
Receivables (net):		
Customers	5,011,974	-
Other	191,594	-
Inventory	159,115	-
	<u>13,182,415</u>	<u>2,274,438</u>
Total current assets		
	<u>13,182,415</u>	<u>2,274,438</u>
<b>NONCURRENT ASSETS</b>		
Net other postemployment benefit asset	35,337	-
Bond proceeds	3,700,000	-
Capital assets		
Machinery and equipment	2,121,435	-
Investment in system	98,650,783	-
	<u>100,772,218</u>	<u>-</u>
Less accumulated depreciation	41,897,553	-
	<u>58,874,665</u>	<u>-</u>
Net capital assets		
	<u>58,874,665</u>	<u>-</u>
Total noncurrent assets		
	<u>62,610,002</u>	<u>-</u>
Total assets		
	<u>75,792,417</u>	<u>2,274,438</u>
<b>DEFERRED OUTFLOWS OF RESOURCES - Pension</b>	1,087,268	-
	<u>1,087,268</u>	<u>-</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	1,021,417	-
Accrued expenses and other liabilities	250,198	-
Amounts due within one year	1,080,343	-
Unearned revenue	253,451	-
	<u>2,605,409</u>	<u>-</u>
Total current liabilities		
	<u>2,605,409</u>	<u>-</u>
<b>NONCURRENT LIABILITIES</b>		
Net pension liability	144,836	-
Amounts due in more than one year	19,009,324	2,274,438
	<u>19,154,160</u>	<u>2,274,438</u>
Total noncurrent liabilities		
	<u>19,154,160</u>	<u>2,274,438</u>
Total liabilities		
	<u>21,759,569</u>	<u>2,274,438</u>
<b>NET POSITION</b>		
Net invested in capital assets	42,839,666	-
Unrestricted	12,280,450	-
	<u>55,120,116</u>	<u>-</u>
Total net position		
	<u>\$ 55,120,116</u>	<u>\$ -</u>

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**Year Ended March 31, 2016**

	<u>Enterprise Fund</u>	<u>Governmental Activities</u>
	<u>Water &amp; Sewer</u>	<u>Proprietary Internal Service Fund</u>
<b>OPERATING REVENUES</b>		
Water sales	\$ 10,715,990	\$ -
Sewer usage	10,510,761	-
Debt service charges	1,682,505	-
Privilege fees	402,324	-
Tap sales	34,800	-
Meter material and service sales	117,896	-
Water capital charges	8,200	-
Late payment penalties	253,740	-
Federal grants	29,530	-
	<u>23,755,746</u>	<u>-</u>
<b>DIRECT COSTS</b>		
Water purchased	6,522,407	-
Treatment charges	6,523,101	-
Depreciation	1,956,714	-
Tap costs	39,531	-
Meters, materials and service costs	41,183	-
Sick pay	-	132,560
	<u>15,082,936</u>	<u>132,560</u>
<b>OPERATING AND ADMINISTRATIVE EXPENSES</b>		
	<u>3,019,810</u>	<u>-</u>
Operating profit (loss)	<u>5,653,000</u>	<u>(132,560)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest	45,328	-
Interest	(940,068)	-
Reimbursements	4,970	-
Miscellaneous	2,631	-
	<u>(887,139)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(887,139)</u>	<u>-</u>
Income (loss) before contributions and transfers	<u>4,765,861</u>	<u>(132,560)</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>		
Township contributions	-	132,560
Transfer out to Pension Obligation Bond Debt Fund	(352,387)	-
Capital contributions	127,600	-
	<u>(224,787)</u>	<u>132,560</u>
Total contributions and transfers	<u>(224,787)</u>	<u>132,560</u>
Change in net position	4,541,074	-
<b>NET POSITION - Beginning of year - As restated (Note 16)</b>	<u>50,579,042</u>	<u>-</u>
<b>NET POSITION, End of year</b>	<u>\$ 55,120,116</u>	<u>\$ -</u>

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**Year Ended March 31, 2016**

	<u>Enterprise Fund</u>	<u>Governmental Activities Proprietary Internal Service Fund</u>
	<u>Water &amp; Sewer</u>	<u>Fund</u>
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	\$ 21,006,100	\$ -
Receipts from other governments	29,530	-
Receipts from miscellaneous	1,883,685	-
Payments to employees	(5,040,121)	-
Payments to suppliers	(14,688,157)	-
Sick pay	-	(27,412)
	<u>3,191,037</u>	<u>(27,412)</u>
Net cash provided by (used in) operating activities		
<b>Cash Flows from Noncapital Financing Activities</b>		
Receipts from other governments	4,970	-
Transfers from Township	-	132,560
	<u>4,970</u>	<u>132,560</u>
Net cash provided by noncapital financing activities		
<b>Cash Flows from Capital and Related Financing Activities</b>		
General obligation contracts with County		
Principal payments	(1,095,541)	-
Interest and fiscal charges	(941,982)	-
Transfer to other funds	(352,387)	-
Proceeds from sale of capital assets	2,056	-
Purchase of capital assets	(5,810,070)	-
	<u>(8,197,924)</u>	<u>-</u>
Net cash used in capital and related financing activities		
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of investments	2,129,567	-
Investment income	45,328	-
Miscellaneous	575	-
	<u>2,175,470</u>	<u>-</u>
Net cash provided by investing activities		
Net increase (decrease) in cash, cash equivalents and investments	(2,826,447)	105,148
<b>Cash, Cash Equivalents and Investments, Beginning of year</b>	<u>4,100,116</u>	<u>2,169,021</u>
<b>Cash, Cash Equivalents and Investments, End of year</b>	<u>\$ 1,273,669</u>	<u>\$ 2,274,169</u>
<b>Statement of net position classification of cash and cash equivalents</b>		
Unrestricted	\$ 726,940	\$ 2,274,169
Restricted	546,729	-
<b>Totals</b>	<u>\$ 1,273,669</u>	<u>\$ 2,274,169</u>

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**Year Ended March 31, 2016**

	<u>Enterprise Fund</u>	<u>Governmental Activities Proprietary Internal Service Fund</u>
	<u>Water &amp; Sewer</u>	
<b>Reconciliation of operating profit to net cash provided by operating activities</b>		
Operating profit (loss)	\$ 5,653,000	\$ (132,560)
Adjustments to reconcile operating profit to net cash from operating activities:		
Depreciation	1,956,714	-
(Increase) decrease in:		
Receivables from customers	(958,847)	-
Receivables from others	(52,560)	-
Inventory	(34,126)	-
Deferred outflow of resources - pension	(1,087,268)	-
Increase (decrease) in:		
Accounts payable	(87,356)	-
Accrued expenses and other liabilities	280,350	105,418
Unearned revenue	174,976	-
Postemployment benefits	(2,797,689)	-
Net pension liability	144,836	-
Employee compensated absences	(993)	-
Net cash provided by (used in) operating activities	<u>\$ 3,191,037</u>	<u>\$ (27,142)</u>

**Noncash capital financing activities**

Capital assets of \$127,600 were acquired through contributions from others.

The Township has a bond receivable of \$3,700,000 related to bonds that were issued by Oakland County and will be funded in fiscal year 2017.

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**March 31, 2016**

	<b>Pension &amp; Other Employee Benefit Trust Funds</b>	<b>Agency Fund</b>
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash	\$ 500,000	\$ 525,434
Investments:		
Mutual funds	75,194,677	-
Guaranteed deposit account fixed income fund	144,971,465	-
	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 220,666,142</u>	<u>\$ 525,434</u>
<b>LIABILITIES</b>		
Accounts payable and withholdings	\$ -	\$ 15,674
Deposits and other liabilities:		
Escrow deposits	-	285,657
Refundable deposits	-	169,310
Other	-	54,793
	<u>                    </u>	<u>                    </u>
Total liabilities	<u>-</u>	<u>\$ 525,434</u>
<b>NET POSITION</b> - Held in trust for pension and other employee benefits	<u>\$ 220,666,142</u>	

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**Year Ended March 31, 2016**

	<b>Pension &amp; Other Employee Benefit Trust Funds</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 8,050,733
Employee	431,588
	<hr/>
Total contributions	8,482,321
	<hr/>
Investment income:	
Net change in fair value of investments	(2,610,168)
Interest	5,409,875
Dividends	2,798,507
	<hr/>
Total investment income	5,598,214
	<hr/>
Total additions	14,080,535
	<hr/>
<b>DEDUCTIONS</b>	
Distributions	13,797,482
Administrative fees	86,208
	<hr/>
Total deductions	13,883,690
	<hr/>
Change in net position	196,845
	<hr/>
<b>NET POSITION, Beginning of year</b>	220,469,297
	<hr/>
<b>NET POSITION, End of year</b>	\$ 220,666,142
	<hr/> <hr/>



**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Charter Township of Bloomfield, County of Oakland, State of Michigan (the "Township") are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township.

**Financial Reporting Entity**

Description of Reporting Entity

The Charter Township of Bloomfield, County of Oakland, State of Michigan was organized in 1827 as a common law township and was known as Bloomfield Township until October 14, 1993. On October 15, 1993, the State of Michigan recognized the incorporation of the Township and it is now known as the Charter Township of Bloomfield, Michigan.

The Township covers an area of approximately 25 square miles. Operations are governed by an elected board of seven trustees, including a full time supervisor, clerk and treasurer. The Township's government provides legislative, judicial, public safety, public works, community enrichment and development and general government services to approximately 41,000 residents.

In accordance with GAAP and Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", these financial statements present the Township (the primary government) and its component unit, an entity for which the Township is considered to be financially accountable. The Component unit discussed below is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Township.

Discretely Presented Component Unit — Bloomfield Township Public Library

The Bloomfield Township Public Library (the "Library") was organized in 1963. The Library operates under an autonomous library board and provides library services to the residents of the Township. The Library Board is required to report to the Township Board of Trustees regarding the expenditures of funds and other information about Library operations. The Library may not issue debt or levy a tax without the approval of the Township's Board of Trustees. If approval is granted, the Library taxes are levied under the taxing authority of the Township, as approved by the Township's electors, and would be included as part of the Township's total tax levy, as well as reported in a Library revenue fund. Financial statements of the Library may be obtained from the Township's Clerk's office.

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Bloomfield Village Association

Bloomfield Village Association (the "Association") (presented as "Bloomfield Village" in the financial statements) is a subdivision association located within the Township. Residents who live within the Association's boundaries have consented to be a special assessment district within the Township. The special assessment is to provide extra police and fire services to the residents of the Association over and above the Township's general public safety services. This assessment activity is shown as special revenue funds of the Township. This Association is not considered a component unit of the Township.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental* activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component* units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants, franchise fees and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for agency funds, which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**  
(Continued)

The government reports the following major governmental funds:

General

The *General fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Road

The *Road fund* is a special revenue fund to account for a tax levy for the purpose of providing street improvement and maintenance services to the Township's residents.

Public Safety

The *Public Safety fund* is a special revenue fund to account for a tax levy for the purpose of providing police and fire protection services to the Township's residents.

Pension Obligation Bond Debt Fund

The *Pension Obligation Bond Debt* fund is a debt service fund used to collect transfers from other governmental and enterprise funds to pay the annual principal and interest due on the pension obligation bonds.

Special Assessment Debt Service

The *Special Assessment Debt Service fund* is a debt service fund used to account for the payment of interest and principal on long-term special assessment debt funded by special assessment districts.

The government reports the following major proprietary fund:

Water and Sewer

The *Water and Sewer fund* accounts for the activities of the government's water distribution, sewage disposal and related treatment systems.

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**  
(Continued)

Additionally, the government reports the following other fund types:

The *special revenue funds* account for revenue sources that are legally restricted or committed to expenditures for specific purposes, not including major capital projects.

The *Retirement System Pension Trust* is used to account for pension assets reserved for future pension obligations.

The *Retiree Health Care fund* is used to account for assets reserved for future health care costs of retirees.

The *Library Debt Retirement fund* is a debt service fund used to account for the collection of a special voted property tax millage restricted for retirement of debt related to library construction bonds.

The *Campus Construction Debt Retirement fund* is a debt service fund used to collect funds for retirement of debt related to campus construction bonds.

The *Drain-at-Large fund* is a debt service fund used to collect funds for retirement of debt related to construction, repair, and maintenance of drains.

The *Special Assessment Capital Projects fund* is a capital project fund used to account for the construction of capital assets funded in whole or part by long-term special assessment debt.

The *401(a) Defined Contribution Plan fund* is used to account for future retirement benefits for eligible employees.

The *Agency funds* account for assets held for other governments in an agency capacity.

The *Internal Service fund* is used to account for and collect funds from various departments for accumulated employee sick pay.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**  
(Continued)

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants, franchise fees and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer enterprise fund are charges to customers for sales and services. The enterprise fund also recognizes as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**Assets, Liabilities and Fund Equity**

Cash, Cash Equivalents and Investments

For purposes of the statement of cash flows, demand deposits and short-term investments with an original maturity of three months or less are considered to be cash equivalents. In addition, the statement of cash flows includes both restricted and unrestricted cash and cash equivalents.

Investments are stated at fair value based on quoted market prices.

Investment income from cash and cash equivalents is assigned to the water and sewer fund based on the average amount invested by this fund during the year. The remainder of the investment income is assigned to the general fund. Income is recorded when received which is not materially different from the modified accrual basis.

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities and Fund Equity (Continued)**

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Inventory

Inventory is recorded at the lower of cost or market, with cost determined on a first-in, first-out basis. Market is based on the lower of replacement cost or net realizable value. Inventory, which consists of materials and supplies, is recorded as expenditures (in the governmental fund types) and expenses (in the proprietary fund type) when used.

Prepaid Items

Prepaid items are costs incurred during the current fiscal year for which benefit will be received in a future fiscal year and are recorded in both the government-wide and fund financial statements.

Restricted Assets

In the Water and Sewer Fund, certain resources set aside for the repayment of bonds are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. Also, certain resources of the Water and Sewer Fund have been set aside to fund capital asset replacements.

Capital Assets

Capital assets of all funds and the component unit are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Capital assets, which include property, plant equipment and infrastructure assets (e.g., sidewalks and drains) are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are not capitalized.

Interest costs are incurred by the proprietary fund when debt proceeds are used to finance the construction of assets. It is the Township's policy that such costs be expensed rather than capitalized as part of the cost of the assets constructed.

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities and Fund Equity (Continued)**

Capital Assets (Continued)

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land improvements	15
Buildings	40
Vehicles	3-20
Machinery & equipment	10
Infrastructure & water and sewer system improvements	15-50

Long term Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long term debt and other non-current obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences and Sick Pay Funding

Full-time permanent employees are granted vacation and sick pay benefits in varying amounts up to specified maximums. Township employees have the option of accumulating earned and unused sick and vacation pay. There are certain limits on the amount of sick and vacation pay which can be accumulated; these limits vary and depend on tenure and/or department. Employees are entitled to their accrued vacation leave and, in certain circumstances, a portion of their sick pay upon termination. Employees are entitled to a portion of their sick pay balance upon retirement.



**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities and Fund Equity (Continued)**

Compensated Absences and Sick Pay Funding (Continued)

Each year, cash is transferred to the Internal Service Fund for accumulated sick pay at the end of the fiscal year. The estimated sick pay liability is reported as a liability in the fund.

As of March 31, 2016, accrued payroll taxes on sick pay and accrued vacation pay were not funded. Consequently, these unfunded amounts are shown as a liability for employees' compensated absences and are included in long term liabilities on the government-wide financial statements.

Deferred Outflow and Inflow of Resources

In addition to assets, the Statement of Net Position and/or Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government-wide statements and proprietary funds report deferred outflows from the differences between projected and actual investment earnings, differences between expected and actual experience and changes in assumptions of the pension plan.

In addition to liabilities, the Statement of Net Position and/or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Township has only one type of item which occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the Township's fiscal year) under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, deferred special assessment revenues are reported in the governmental funds balance sheet and the government-wide statement of net position.

Pension

The Township offers pension benefits to retirees. The Township records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities and Fund Equity (Continued)**

Other Postemployment Benefit Costs

The Township offers healthcare benefits to retirees. The Township receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the Township reports the full accrual cost equal to the current year required contribution, adjusted for interest and “adjustment to the ARC” on the beginning of year underpaid amount, if any.

Government-wide and Proprietary Fund Net Position

Government-wide and proprietary fund net positions are divided into three components:

Net investment in capital assets-consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted net position-consist of assets that are restricted by the Township's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

Unrestricted-all other net position is reported in this category.

Fund Balance Flow Assumptions

It is the Township's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance/Net Position Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities and Fund Equity (Continued)**

Fund Balance/Net Position Policies (Continued)

The committed fund balance classification includes amounts that can be used only for specific purposes determined by a formal action of the Township's highest level of decision making authority. The Township's Board of Trustees (the Board) is the highest level of decision-making authority for the Township that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board has by resolution authorized the Finance Director to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of the assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Interfund Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain amounts in the Library's (Component Unit) financial statements have been reclassified in order to conform to the presentation of the Township's (Reporting Entity) financial statements.

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS**

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated thirteen banks for the deposit of Township funds. The investment policy adopted by the board has authorized investment in the certificates of deposit of local banks, bonds, securities, and other direct obligations of the United States, certain fixed income securities, and United States Treasury bills, but not the remainder of the State statutory authority as listed above.

The Township's retirement system investments are held in trust by the investment fiduciary. Michigan Compiled Laws, Section 38.1132, authorizes the Township's retirement system to invest in a wide variety of investments including stocks, bonds, certificates of deposit, real estate, annuity contract obligations of a specified nature, and real or personal property. Specific limitations apply to the various investment types depending on the size of the system. However, all of the Township's retirement system investments are in mutual funds, insurance mutual funds or in insurance company separate accounts, and therefore, are uncategorized as to risk.

At year-end, the Local Unit's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>	<u>Component Unit</u>
Cash and cash equivalents	\$ 11,732,516	\$ 1,273,669	\$ 525,434	\$ 13,531,619	\$ 546,038
Investments	<u>35,659,374</u>	<u>6,546,063</u>	<u>-</u>	<u>42,205,437</u>	<u>10,654,004</u>
Total	<u><u>\$ 47,391,890</u></u>	<u><u>\$ 7,819,732</u></u>	<u><u>\$ 525,434</u></u>	<u><u>\$ 55,737,056</u></u>	<u><u>\$ 11,200,042</u></u>

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**Custodial Credit Risk of Bank Deposits**

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. The bank balance of the primary government's deposits is \$28,813,483 of which \$1,000,000 is covered by federal depository insurance and \$14,813,286 is collateralized under an agreement with the bank. The component unit had no bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized.

**Credit Risk**

State law limits investments in commercial paper to the two highest classifications rated by the two standard rating agencies. Furthermore, the Township's investment policy states that investments in fixed income securities must be AAA rated by Standard & Poor's, have maturities of five years or less, be readily marketable issues, and have significant trading volume within a continuous market and are within the parameters of MCL 41.77 and MCL 129.91. The following is an illustration, with the level of investment displayed as a percentage of total investments exposed to credit risk.

**Credit Quality Distribution of Securities**  
**With Credit Exposure as a Percentage of Total Investments**

Primary Government Investment

Money market funds	\$	4,270,537	Not Rated
Fixed income mutual funds	\$	19,934,901	AAA
Local government investment pool	\$	8,000,000	Not Rated
Certificates of deposit	\$	10,000,000	Not Rated

Component Unit Investment

Fixed income mutual funds	\$	10,654,004	Not Rated
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**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**Interest Rate Risk**

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. As a means of limiting its exposure to fair value losses arising from interest rates, the Township's investment policy restricts investment maturities of fixed income securities to five years or less. At year end, the Township had the following investments and maturities.

Investment Maturities (in Years)

<u>Primary Government Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 - 5</u>
Money market funds	\$ 4,270,537	\$ 4,270,537	\$ -
Fixed income mutual funds*	\$ 19,934,901	\$ -	\$ 19,934,901
Certificates of deposit	\$ 10,000,000	\$ 10,000,000	\$ -
Local government investment pool	\$ 8,000,000	\$ 8,000,000	\$ -
<u>Component Unit Investment Type</u>			
Fixed income mutual funds*	\$ 10,654,004	\$ -	\$ 10,654,004

\* Determined based on the average weighted duration of the mutual fund

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 3 – RECEIVABLES**

Receivables as of year-end for the government's individual major, non-major and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, if any, are as follows:

	General Fund	Public Safety	Drain at Large	Library Debt Retirement	Special Assessment Debt Service	Nonmajor & Other	Water & Sewer	Total
Delinquent taxes	\$ 1,415,726	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,415,726
Accounts receivable	1,411,076	50,465	-	-	-	-	8,903,568	10,365,109
Component unit	274,110	-	-	-	-	-	-	274,110
Special assessment	-	-	1,894,935	13,735,000	4,285,006	-	-	19,914,941
Interest & other receivables	115,634	-	-	-	-	335,609	-	451,243
Net receivables	<u>\$ 3,216,546</u>	<u>\$ 50,465</u>	<u>\$ 1,894,935</u>	<u>\$ 13,735,000</u>	<u>\$ 4,285,006</u>	<u>\$ 335,609</u>	<u>\$ 8,903,568</u>	<u>\$ 32,421,129</u>

Government funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with the resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Special assessments	<u>\$ 13,735,000</u>	<u>\$ -</u>

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity of the primary government for the current year was as follows:

	Balance April 1, 2015	Additions	Disposals	Balance March 31, 2016
<b>Governmental Activities</b>				
Capital assets not being depreciated -				
Land	\$ 828,648	\$ -	\$ -	\$ 828,648
Capital assets being depreciated:				
Buildings	45,271,700	119,132	-	45,390,832
Improvements other than buildings	23,781,683	2,175,153	-	25,956,836
Machinery and equipment	21,929,275	1,228,081	(535,142)	22,622,214
Infrastructure	13,082,267	-	-	13,082,267
Subtotal	<u>104,064,925</u>	<u>3,522,366</u>	<u>(535,142)</u>	<u>107,052,149</u>
Less accumulated depreciation:				
Buildings	13,377,723	1,104,770	-	14,482,493
Improvements other than buildings	13,994,306	1,359,848	-	15,354,154
Machinery and equipment	17,186,415	1,099,945	(531,994)	17,754,366
Infrastructure	7,355,481	261,799	-	7,617,280
Subtotal	<u>51,913,925</u>	<u>3,826,362</u>	<u>(531,994)</u>	<u>55,208,293</u>
Net capital assets being depreciated	<u>52,151,000</u>	<u>(303,996)</u>	<u>(3,148)</u>	<u>51,843,856</u>
Net capital assets	<u>\$ 52,979,648</u>	<u>\$ (303,996)</u>	<u>\$ (3,148)</u>	<u>\$ 52,672,504</u>



**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 4 – CAPITAL ASSETS (Continued)**

Capital asset activity of the enterprise activities for the current year was as follows:

	Balance April 1, 2015	Additions	Disposals	Balance March 31, 2016
<b>Business-Type Activities</b>				
Capital assets not being depreciated - Improvements to systems	\$ 2,998,534	\$ 122,687	\$ -	\$ 3,121,221
Capital assets being depreciated:				
Improvements to systems	61,674,495	5,780,956	(105,927)	67,349,524
Machinery and equipment	2,020,172	139,952	(38,689)	2,121,435
Township share of county sewers	28,180,037	-	-	28,180,037
Subtotal	<u>91,874,704</u>	<u>5,920,908</u>	<u>(144,616)</u>	<u>97,650,996</u>
Less accumulated depreciation:				
Improvements to systems	23,614,079	1,301,084	-	24,915,163
Machinery and equipment	1,442,357	138,459	(38,689)	1,542,127
Township share of county sewers	14,923,091	517,171	-	15,440,262
Subtotal	<u>39,979,527</u>	<u>1,956,714</u>	<u>(38,689)</u>	<u>41,897,552</u>
Net capital assets being depreciated	<u>51,895,177</u>	<u>3,964,194</u>	<u>(105,927)</u>	<u>55,753,444</u>
Net capital assets	<u>\$ 54,893,711</u>	<u>\$ 4,086,881</u>	<u>\$ (105,927)</u>	<u>\$ 58,874,665</u>

Depreciation expense was charged to the programs of the primary government as follows:

General government	\$ 502,966
Public safety	768,119
Community enrichment and development	240,350
Public works	<u>2,314,927</u>
Total governmental activities	<u>\$ 3,826,362</u>
Business-type activities	
Water & sewer	<u>\$ 1,956,714</u>

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 4 – CAPITAL ASSETS (Continued)**

Capital asset activity of the Component Unit was as follows:

	Balance April 1, 2015	Additions	Disposals	Balance March 31, 2016
Capital assets not being depreciated:				
Land	\$ 131,015	\$ -	\$ -	\$ 131,015
Capital assets being depreciated:				
Buildings	26,693,479	-	-	26,693,479
Furniture and equipment	4,649,545	123,862	(414,738)	4,358,669
Library books and audiovisual materials	4,795,980	480,345	(440,997)	4,835,328
Subtotal	<u>36,139,004</u>	<u>604,207</u>	<u>(855,735)</u>	<u>35,887,476</u>
Less accumulated depreciation:				
Buildings	4,817,075	447,853	-	5,264,928
Furniture and equipment	3,500,727	430,096	(359,437)	3,571,386
Library books and audiovisual materials	2,828,910	562,846	(431,292)	2,960,464
Subtotal	<u>11,146,712</u>	<u>1,440,795</u>	<u>(790,729)</u>	<u>11,796,778</u>
Net capital assets being depreciated	<u>24,992,292</u>	<u>(836,588)</u>	<u>(65,006)</u>	<u>24,090,698</u>
Net capital assets	<u>\$ 25,123,307</u>	<u>\$ (836,588)</u>	<u>\$ (65,006)</u>	<u>\$ 24,221,713</u>

Capital assets including library books are recorded at cost. Depreciation expense was \$1,440,795 for the year ended March 31, 2016.

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The Township reports interfund balances between many of its funds. The sum of all balances presented in the tables below agrees with the sum of interfund balances presented in the statements of net position/balance sheet for governmental funds and proprietary funds. These interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

	<u>Transfers In</u>	<u>Transfer Out</u>
Interfund Transfers		
General Fund	41,145	6,775,043
Road Fund	1,250,000	285,652
Public Safety Fund	4,150,000	4,271,685
Pension Obligation Bond Debt Fund	6,015,535	-
Retiree Health Care Fund	500,000	-
Non-major Governmental Funds	-	271,913
Water & Sewer Fund	-	352,387
	<u>\$ 11,956,680</u>	<u>\$ 11,956,680</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 6 – LONG TERM DEBT**

The government issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a reassessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Bond and contractual obligation activity can be summarized as follows:

	Interest Rate	Principal Matures	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>							
County drain contracts	2-7%	2016-2031	\$ 4,088,011	\$ -	\$ (994,634)	\$ 3,093,377	\$ 518,062
Library construction bond	2-5%	2025	15,080,000	-	(1,345,000)	13,735,000	1,380,000
General construction bond	5.50%	2032	23,000,000	-	(600,000)	22,400,000	600,000
Pension obligation bond	5-5.37%	2032	75,980,000	-	(3,270,000)	72,710,000	3,295,000
Capital lease obligations	2.59%	2020	687,167	-	(107,332)	579,835	110,112
Special assessment bond	2-4.75%	2030	4,010,000	1,250,000	(275,000)	4,985,000	-
Plus bond premium			-	19,227	-	19,227	-
Less amortization of bond discount			(309,222)	-	17,121	(292,101)	-
Total bonds payable			122,535,956	1,269,227	(6,574,845)	117,230,338	5,903,174
Employee compensated absences and sick pay	-	NA	3,722,986	105,148	(4,230)	3,823,904	-
Total governmental activities			<u>\$ 126,258,942</u>	<u>\$ 1,374,375</u>	<u>\$ (6,579,075)</u>	<u>\$ 121,054,242</u>	<u>\$ 5,903,174</u>
<b>Business-Type Activities</b>							
County water & sewer contracts	2-4.25%	2017-2035	\$ 17,214,009	\$ 3,700,000	\$ (1,083,667)	\$ 19,830,342	\$ 1,080,343
Less amortization of bond discount			(59,493)	-	4,596	(54,897)	-
Plus amortization of bond premium			191,225	-	(16,469)	174,756	-
Total bonds payable			17,345,741	3,700,000	(1,095,540)	19,950,201	1,080,343
Employees compensated absences	-	NA	140,459	-	(993)	139,466	-
Total business-type activities			<u>\$ 17,486,200</u>	<u>\$ 3,700,000</u>	<u>\$ (1,096,533)</u>	<u>\$ 20,089,667</u>	<u>\$ 1,080,343</u>

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 6 – LONG TERM DEBT (Continued)**

Annual debt service requirements to maturity for the installment debt are as follows:

Year Ending March 31,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 5,903,174	\$ 4,417,920	\$ 1,080,343	\$ 589,780
2018	6,364,851	4,370,662	995,000	614,513
2019	6,169,483	4,227,808	1,005,000	585,088
2020	6,389,095	4,060,876	1,115,000	553,088
2021	6,558,784	3,873,523	1,150,000	517,813
2022-2026	34,292,286	15,930,409	6,990,000	1,945,726
2027-2031	35,245,539	8,731,925	5,675,000	733,956
2032-2036	16,580,000	853,339	1,820,000	130,731
	117,503,212	<u>\$ 46,466,462</u>	19,830,343	<u>\$ 5,670,695</u>
Less: Unamortized discount	(292,101)		(54,897)	
Plus: Unamortized premium	19,227		174,755	
	<u>\$ 117,230,338</u>		<u>\$ 19,950,201</u>	

**NOTE 7 – AGREEMENTS**

**Franchise Agreements**

The Township has entered into an agreement with Comcast under which it granted that company a nonexclusive franchise to provide cable television services in the Township. This agreement expires on August 20, 2019, provided that the cable provider pay an annual franchise fee of 5% of gross annual revenues to the Township.

The Township has also entered into an agreement with AT&T Michigan which it granted that company a non-exclusive franchise to construct, operate and maintain a cable television system within the Township. This agreement, which expires April 25, 2022, provides for a franchise fee of 5% of gross annual revenues.

Total franchise fees recognized under these agreements during the current year were \$1,038,847.

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 7 – AGREEMENTS (Continued)**

**Lessor Agreements**

The General Fund rents the use of the Courthouse under a lease expiring October 31, 2016 to the State of Michigan 48th Judicial District Court. Rent income for the year was \$538,039.

The General Fund leases land for mobile telecommunications broadcast towers under four separate agreements. Two of these agreements expire July 31, 2017, and the remaining two agreements expire November 30, 2017. The leases require rental payments in total of \$110,944. These agreements all have predetermined extension terms which call for 5% annual increases.

**Interfund Lease Agreements**

The Cable Studio Special Revenue Fund uses a Township owned building and automobile and the Building Department Fund uses Township owned office space. The Water and Sewer Fund uses office and other space owned by the Township. The General Fund is reimbursed for the use. The agreements are cancelable at any time. Rental income related to the agreements was \$515,000 for the year ended March 31, 2016.

**NOTE 8 – CAPITAL LEASE**

The Township has a capital lease agreement for equipment with a cost of \$687,167 and accumulated amortization of \$42,948. The amortization expense for the year ended March 31, 2016 was \$34,358. The future debt and interest expense obligations have been included in Note 6.

**NOTE 9 – RETIREMENT PLAN - PENSION TRUST**

**Plan Description**

The Township contributes to the Township of Bloomfield Retirement Income Plan (the "Plan"), which is a single-employer defined benefit plan. It is the responsibility of the Township pension employees' retirement system (PERS) to function as the investment and administrative agent for the Township with respect to the pension plan. A stand-alone financial report of the plan has not been issued. Information shown for the plan is as of January 1, 2016, the date of the plan's latest actuarial valuation.

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 9 – RETIREMENT PLAN - PENSION TRUST (Continued)**

Based on state statutes, all full-time employees must be allowed to participate in township or municipal pension plans. However, as a defined contribution plan was created and effective April 1, 2005, new hires are no longer allowed to participate in the defined benefit plan. Under the provision of the Township's pension plan, pension benefits vest after eight years of full-time employment, except for the Township's police officers who vest after ten years of service. The plan pays upon retirement a benefit (depending on department) of 2.1 to 3.0% of final yearly earnings multiplied by years of credited service. Maximum benefits vary by department and tenure and range from 80 to 90% of final earnings. Retirement ages also vary by department and range from age 50 to age 62. Employees are also eligible for early retirement at reduced benefits. Retirement plan benefits for some departments are negotiated as part of collective bargaining agreements and may vary pursuant to these agreements.

Membership in the Plan consisted of the following at January 1, 2016, the latest actuarial valuation:

Active plan members	181
Retirees and beneficiaries receiving benefits	262
Terminated and inactive plan members entitled to but not yet receiving benefits	<u>14</u>
Total plan members	<u><u>457</u></u>

**Basis of Accounting**

The Plan's financial statements are prepared using information as of December 31, 2015, which approximates the date of the plan's latest actuarial report. The Plan's financial statements include contributions received and benefits paid through that date.

**Contributions**

Total contributions to the Plan for the plan year beginning January 1, 2015, amounted to \$302,355 of which 100% were made by the Township employees on covered payroll of \$13,118,137 for the 2015 calendar year.

The Township's employer contributions for its fiscal year ending March 31, 2016 were \$-0- due to the plan being fully funded. The pension contributions represent funding for normal cost and an additional contribution.

Significant actuarial assumptions used to compute pension contribution requirements are the same as those used to determine the standardized measure of the pension obligation.

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 9 – RETIREMENT PLAN - PENSION TRUST (Continued)**

**Funding Policy**

The obligation to contribute to and maintain the Plan for the Township's employees was established by Board resolution.

Under provisions of the Plan, Library and Bloomfield Village Police Department employees contribute 5% of their gross earnings to the Plan. All other employees contribute between 1% and 3.5% of their gross earnings to the Plan. In addition, the Township must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements as mandated by the Plan.

**Investment Policy**

The plan's policy in regard to the allocation of invested assets is established and may be amended by the Township Board of Trustees by a majority vote. It is the policy of the Board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

The Plan's investments are in the general accounts or mutual funds of a life insurance company and are reported at stated contract value or market value. Administrative fees are paid from investment earnings. The Township's other pension investments are stated at fair value.

The Board adopted the following recommended asset allocation of equity holdings of which the equity holdings shall not exceed 50% of the whole of the total investments:

<u>Asset Class</u>	<u>Minimum</u>	<u>Target Maximum</u>
Large Cap	30%	45% - 70%
Mid Cap	15%	20% - 35%
Small Cap	10%	16% - 25%
International	5%	13% - 20%
Alternative *	0%	6% - 10%

\*Alternative defined as mutual funds diversified in holdings of natural resources, hard assets and/or real estate.

**Rate of Return**

For the year ended March 31, 2016, the annual money-weighted rate of return on plan investments, net of pension plan investment expense was (0.1%). The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.



**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 9 – RETIREMENT PLAN - PENSION TRUST (Continued)**

**Net Pension Liability**

The components of the net pension liability of the Township at March 31, 2016 were as follows:

Total pension liability	\$ 208,236,229
Plan fiduciary net position	205,807,266
Net pension liability	<u>\$ 2,428,963</u>

Plan fiduciary net position as a percentage of the total pension liability	98.83%
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The Township has chosen to use March 31, 2016 as its measurement date for the net pension liability. The March 31, 2016 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of March 31, 2016.

The March 31, 2016 total pension liability was determined by an actuarial valuation performed as of January 1, 2016.

Changes in the net pension liability during the measurement year were as follows:

<u>Changes in Net Pension Liability</u>	<u>Total Pension Liability</u>	<u>Increase (Decrease) Plan Net Position</u>	<u>Net Pension Liability (Asset)</u>
<b>Balance at April 1, 2015</b>	\$ 196,014,902	\$ 215,201,918	\$ (19,187,016)
Service cost	2,937,791	-	2,937,791
Interest	11,945,637	-	11,945,637
Differences between expected and actual experience including assumption changes	6,800,959	-	6,800,959
Contributions - Employer	-	-	-
Contributions - Employee	-	302,355	(302,355)
Net investment income	-	(150,074)	150,074
Benefit payments, including refunds	(9,463,060)	(9,463,060)	-
Administrative expenses	-	(83,873)	83,873
Net changes	<u>12,221,327</u>	<u>(9,394,652)</u>	<u>21,615,979</u>
<b>Balance at March 31, 2016</b>	<u>\$ 208,236,229</u>	<u>\$ 205,807,266</u>	<u>\$ 2,428,963</u>

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 9 – RETIREMENT PLAN - PENSION TRUST (Continued)**

**Assumption Changes**

There were no changes in the plan as of the valuation date. Effective January 1, 2016, the discount rate was changed from 6.25% to 6%.

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended March 31, 2016, the Township recognized pension expense of \$2,550,401. At March 31, 2016, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Source</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,866,869	\$ -
Changes in assumptions	5,051,905	-
Net difference between projected and actual earnings on pension plan investments	<u>11,315,178</u>	<u>-</u>
Total	<u><u>\$ 18,233,952</u></u>	<u><u>\$ -</u></u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ending March 31,</u>	<u>Amount</u>
2017	\$ 5,506,997
2018	\$ 5,506,997
2019	\$ 4,556,823
2020	\$ 2,663,135

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 9 – RETIREMENT PLAN - PENSION TRUST (Continued)**

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of March 31, 2016. The valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Salary Increases	4% including wage inflation of 1%
Investment rate of return	6.00%

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with Scale MP-2014 for general employees.

**Discount Rate**

The discount rate used to measure the total pension liability was 6%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the Township contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the employee rate.

**Projected Cash Flows**

Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The target allocation and best estimates of arithmetic real rates of return as of January 1, 2016, the measurement date, for each major class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long Term Expected Real Rate of Return</b>
Large Cap Equity	17.00%	8.00%
Small Cap Equity	8.00%	8.75%
Mid Cap Equity	7.00%	8.50%
International Equity	5.00%	7.50%
Stable Value	60.00%	4.60%
Real Estate	3.00%	6.75%
Total	<u>100.00%</u>	

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 9 – RETIREMENT PLAN - PENSION TRUST (Continued)**

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the Township, calculated using the discount rate of 6.00%, as well as what the Township’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00%) or 1-percentage-point higher (7.00%) than the current rate:

Discount rate	1% Decrease 5.00%	Discount Rate 6.00%	1% Increase 7.00%
Net pension liability (asset) of the Township	\$ 30,749,750	\$ 2,428,963	\$ (20,829,353)

**NOTE 10 – RETIREMENT PLAN - DEFINED CONTRIBUTION PLAN**

**Plan Description — Defined Contribution Plan**

The Charter Township of Bloomfield 401(a) Plan is a defined contribution pension plan established by the Township to provide benefits at retirement for eligible employees. The plan was effective April 1, 2005 for new Township hires and effective on or after April 2, 2011 for Bloomfield Township Library eligible employees. At March 31, 2016 there were 90 plan members. A stand-alone financial report of the plan has not been issued.

**Contributions Required and Contributions Made — Defined Contribution Plan**

The Township may make discretionary contributions of not more than 10% of the total compensation for all active participants for all plan members except Bargained Employees. The Township contributions for Bargained Employees will be made in accordance with the Collective Bargaining Agreement. Contributions are made bi-weekly. For the year ended March 31, 2016, contributions in the amount of \$642,595 were made to the plan by the Township. In addition, discretionary contributions in the amount of \$93,695 were made to the plan by Township employees.

**NOTE 11 – DEFERRED COMPENSATION**

The Township offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The Plan, available to all Township employees, permits them to defer a portion of their current salary until the employee's termination, retirement, death, or unforeseeable emergency.

As required by GASB 32, the Plan's assets are held in a separate trust and thus are not included in the financial statements of the Township.

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

The Township provides contributory and noncontributory medical, dental, vision and basic life insurance coverage for eligible retirees and their spouses. These benefits are paid to four groups of employees who are eligible for different retiree benefits based on their date of hire. Additionally, benefits for bargaining employees are specified by union contract while the Board of Trustees establishes those for non-bargaining employees. Bargaining and non-bargaining employees who retire at or after age 50 with at least 15 years of service are eligible for medical, dental and vision coverage. Bargaining and non-bargaining employees who retire at the appropriate attained age with at least 15 years of service are eligible for life insurance coverage in the amount of \$6,000 - \$8,000 depending on their bargaining or non-bargaining status.

**Funding Policy and Annual OPEB Cost**

For the Plan, contribution requirements of the plan members and the Township are established and may be amended by union contract for bargaining employees and for non-bargaining employees by the Board of Trustees. The Township's annual other postemployment benefit (OPEB) cost (expense) for the plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The Township's annual OPEB cost for the current year and the related information for the plan are as follows:

	<u>Primary Government</u>	<u>Component Unit</u>
Annual required contribution	\$ 13,238,120	\$ 531,108
Interest on net OPEB obligation	1,527,510	71,675
Adjustment to annual required contribution	<u>(2,186,161)</u>	<u>(103,517)</u>
Annual OPEB cost	12,579,469	499,266
Contributions made	<u>(9,910,643)</u>	<u>(170,377)</u>
Increase in net OPEB obligation	2,668,826	328,889
Net OPEB obligation, Beginning of year	<u>37,842,447</u>	<u>1,791,887</u>
Net OPEB obligation, End of year	<u><u>\$ 40,511,273</u></u>	<u><u>\$ 2,120,776</u></u>

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

**Funding Policy and Annual OPEB Cost (Continued)**

The Township's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended March 31, 2016, for the plan is as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost to Obligation</u>	<u>Net OPEB Obligation</u>
March 31, 2016	<u>\$ 13,078,735</u>	30.7%	<u>\$ 42,632,049</u>
Primary government	<u>\$ 12,579,469</u>	31.1%	<u>\$ 40,511,273</u>
Component unit	<u>\$ 499,266</u>	23.5%	<u>\$ 2,120,776</u>

	<u>Year ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net Ending Obligation</u>
Primary government	3/31/2014	\$ 11,529,765	\$ 3,705,253	32.1%	\$ 29,855,910
Primary government	3/31/2015	\$ 11,801,608	\$ 3,815,071	32.3%	\$ 37,842,447
Primary government	3/31/2016	\$ 12,579,469	\$ 9,910,643	78.8%	\$ 40,511,273

	<u>Year ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net Ending Obligation</u>
Component unit	3/31/2014	\$ 503,682	\$ 142,429	28.3%	\$ 1,427,233
Component unit	3/31/2015	\$ 517,090	\$ 152,436	29.5%	\$ 1,791,887
Component unit	3/31/2016	\$ 499,266	\$ 170,377	34.1%	\$ 2,120,776

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

**Funded Status and Funding Progress**

The funded status of the plan as of July 1, 2015 was as follows:

Actuarial accrued liabilities (a)	\$ 157,390,635
Actuarial value of plan assets (b)	<u>5,437,023</u>
Unfunded actuarial accrued liability (funding excess) (a) - (b)	<u><u>\$ (151,953,612)</u></u>
Township	<u><u>\$ 146,695,932</u></u>
Component Unit	<u><u>\$ 5,257,680</u></u>
Funded ratio (b) / (a)	3.45%
Covered payroll (c)	\$ 15,279,000
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll $[(a) - (b)] / (c)$	994.5%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liability for benefits.

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

**Actuarial Methods and Assumptions**

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Township and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial valuation date		7/1/2015
Actuarial cost method		Projected Unit Credit Cost Method
Amortization method		Level Percent of Payroll
Remaining amortization period		18 years
Asset valuation method		N/A
Actuarial assumptions:		
Investment rate of return	Governmental	4%
	Water & Sewer	4.5%
Projected salary increases		4%
Healthcare inflation rate		5.50 initially Grading to 4.60% in 2084

**NOTE 13 – CONTINGENCIES**

The Township is a defendant in a number of lawsuits arising principally in the ordinary course of operations. In the opinion of the management, the outcome of these lawsuits will not have a material adverse effect on the accompanying financial statements and accordingly, no provision for losses has been recorded.

**NOTE 14 – OTHER INFORMATION**

**Risk Management**

The Township is exposed to risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township manages its risk exposures and provides certain employee benefits through a combination of risk management pools, commercial insurance policies and excess coverage policies. Following is a summary of the Township's risk management.



**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 14 – OTHER INFORMATION (Continued)**

**Risk Management (Continued)**

The Township participates with the Michigan Municipal Risk Management Authority (MMRMA), a self-insured association with a membership of approximately 300 Michigan local governmental units, for general and automobile liability, motor vehicle physical damage, and judicial tenure defense and property damage coverage's. Members include cities, counties, townships and special purpose governments. The MMRMA is organized under the laws of the State of Michigan and is governed by a Board of Directors elected by the membership. The MMRMA provides risk management, claims administration, legal defense and reinsurance services to its members.

The Township makes annual contributions to MMRMA based upon underwriting criteria and guidelines approved by the Board of Directors of MMRMA. Underwriting guidelines may be based upon net operating expenditures, number of employees, size of payroll, size and complexity of operations, loss experience, loss control efforts and any other relevant risk related criteria. These contributions are paid from the Township's General Fund and costs are allocated to the Township's other Funds.

Contributions received by MMRMA to pay administrative expenses, excess insurance, stop loss insurance, reinsurance and all other necessary MMRMA obligations are paid into the MMRMA General Fund. The Board of Directors of MMRMA has also established a minimum amount of funds each member must maintain on deposit with MMRMA.

The Member's Funds on Deposit are used to pay losses and allocated loss adjustment costs that fall within the Township's self-insured retention limits along with certain other member specific costs.

Accordingly, the Township records in the General Fund an asset for funds on deposit in the member retention fund of the MMRMA and a liability for incurred claims and allocated claims adjustment not paid as estimated by MMRMA. At March 31, 2016, the balance of the Township's funds prepaid in the Member Retention Fund of the MMRMA was \$101,206 and the claims incurred and allocated claims adjustment accrued was \$105,758.

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 14 – OTHER INFORMATION (Continued)**

**Risk Management (Continued)**

The Township's self-insured retention limits must be fully satisfied before the MMRMA will assume any responsibility for payment of losses. The Township participates in MMRMA's Stop Loss Program. The stop loss program limits the self-insured retention limit payments made on behalf of the Township in the MMRMA's fiscal year. The Township's aggregate cash payments for its self-insured retention limited obligations must exceed \$260,000 before the stop loss program will become responsible for making further self-insured retention limit payments on behalf of the Township.

The Township's self-insured retention limits are as follows:

<u>Coverage</u>	<u>Self-Insured Retention</u>
Liability Non deductible	\$150,000 per occurrence
Vehicle physical damage \$1,000 deductible per occurrence	\$15,000 per vehicle \$30,000 per occurrence
Property and crime \$1,000 member deductible	N/A
Sewage system overflow No deductible	\$150,000 per occurrence
Employee benefits-commercial insurance provider	
Workers' compensation-commercial insurance provider	

At March 31, 2016, there were no claims which exceeded insurance coverage for any of the past six fiscal years. The Township had no significant reduction in insurance coverage from previous years.

The Township has an experience-rated group health insurance reserve for the employee health care benefit plan.

The insurance carrier maintains a separate Premium Stabilization Reserve (PSR) in addition to the carrier's insurance reserves funded and maintained pursuant to applicable insurance laws and sound underwriting practice.

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 14 – OTHER INFORMATION (Continued)**

**Risk Management (Continued)**

The PSR is funded with experience-rated margins from the insurance carrier. Interest earned on the PSR is used to offset the carrier's cost of maintaining the plan.

The PSR may be reduced in any policy year for the excess claims paid, reserve adjustments and expenses including (risk charges over) premiums paid, and any premium increases that would otherwise be funded by the Township.

The carrier determines the PSR balance yearly. This balance decreases or increases in value depending on claims paid in comparison to premiums. Any decrease or increase is booked directly to the reserve and has no impact on the Township's financial statements.

**Library**

The library is exposed to risks of loss related to theft of damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Library's general liability and property damage insurance is included in the Township's plan. Employee benefits and workers' compensation is obtained through commercial insurance providers through the Township.

At March 31, 2016, there were no claims which exceeded insurance coverage for any of the past five fiscal years. The Library had no significant reduction in insurance coverage from previous years.

**Property Taxes**

Delinquent Property Taxes Receivable

- a. Property taxes are assessed as of December 31 and the resulting property taxes become a lien on December 1 of the following year for the township taxes.
- b. The tax levy dates and the budget years are as follows:

<u>Budget Year</u>	<u>Tax Levy Date</u>
County – October 1, 2014 through September 30, 2015	6-1-2015
Township – April 1, 2015 through March 31, 2016	12-1-2015

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 14 – OTHER INFORMATION (Continued)**

**Property Taxes**

Delinquent Property Taxes Receivable

The 2015 tax levy is summarized as follows:

	Taxable Value	Millage Rate	Revenue
Township			
General	\$ 3,359,497,710	2.2776	\$ 7,651,592
Senior services	\$ 3,359,497,710	0.2422	813,670
Public safety - voted	\$ 3,359,497,710	6.1838	20,774,462
Roads - voted	\$ 3,359,497,710	0.7115	2,390,283
Library-operating-voted perpetual	\$ 3,359,497,710	1.9854	6,669,947
Library debt service	\$ 3,359,497,710	0.5000	1,679,749
Drain debt service	\$ 3,359,497,710	0.3900	1,310,204
Capital improvements	\$ 3,359,497,710	0.4800	1,612,559
Safety path - voted	\$ 3,359,497,710	0.4807	1,614,911
Total Township		<u>13.2512</u>	<u>\$ 44,517,377</u>
County			
Transportation - voted	\$ 3,359,497,710	<u>1.0000</u>	<u>\$ 3,359,498</u>
Special assessments			
Bloomfield Village Association			
Fire	\$ 333,583,490	0.3600	\$ 120,090
Police	\$ 333,583,490	1.2350	411,976
		<u>1.5950</u>	<u>\$ 532,066</u>

**NOTE 15 – CHANGE IN ACCOUNTING**

During the current year, the Township adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. As a result, the government-wide statements and the proprietary fund now include a liability for unfunded legacy costs. Some of the changes in this net pension liability will be recognized immediately as part of the pension expense measurement, and part will be deferred and recognized over future years. Refer to the pension note for further details. This change does not impact the General Fund or any other governmental fund.

The financial statements for the year ended March 31, 2015 have been restated in order to adopt GASB Statement No. 68. The effect of this new accounting standard was an increase (decrease) in the net position to record the net pension liability and deferred outflows at March 31, 2015.

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 15 – CHANGE IN ACCOUNTING (Continued)**

As a result of implementing this statement, the beginning net position of both the governmental activities and business-type activities has been restated as indicated:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net position - March 31, 2015 - As previously reported	\$ 32,670,174	\$ 50,298,692
Adjustment for implementation of GASB Statement No. 68	<u>(50,296,031)</u>	<u>280,350</u>
Net position (deficit) - March 31, 2015 - As restated	<u>\$ (17,625,857)</u>	<u>\$ 50,579,042</u>

**NOTE 16 – UPCOMING ACCOUNTING PRONOUNCEMENTS**

In February 2015, the GASB issued GASB Statement No. 72, *Fair Value Measurement and Application*. The requirements of this statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government’s financial position. GASB Statement No. 72 is required to be adopted for years beginning after June 15, 2015. The Township is currently evaluating the impact this standard will have on the financial statements when adopted, during the Township’s 2016-2017 fiscal year.

In June 2015, the GASB issued two new standards addressing accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). GASB Statement No 74, *Financial Reporting for Postemployment Benefits Plans other than Pension Plans*, addresses reporting by OPEB plans whereas GASB Statement No 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. Along with the currently required statement of fiduciary net position and statement of changes in fiduciary net position, OPEB plans will now be required to include in the financial statements more extensive note disclosures and required supplemental information related to the measurement of the OPEB liabilities for which assets have been accumulated. In addition, the Township will, after adoption of GASB Statement No. 75, recognize on the face of the financial statements net OPEB liability. The Township is currently evaluating the impact these standards will have on the financial statements when adopted. GASB Statement No 74 is effective for fiscal years beginning after June 15, 2016 whereas GASB Statement No. 75 is effective one year later.

**NOTE 17 – SUBSEQUENT EVENTS**

The Township’s management has performed a review of events subsequent to the balance sheet date through September 14, 2016, the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTAL INFORMATION**

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**Year Ended March 31, 2016**

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUE</b>				
Taxes and assessments	\$ 7,706,000	\$ 7,706,000	\$ 7,741,008	\$ 35,008
State shared revenues	3,260,000	3,260,000	3,194,699	(65,301)
Charges for services	563,800	563,800	665,823	102,023
Licenses, permits and fees	984,000	984,000	1,038,179	54,179
Investment earnings	200,000	200,000	33,190	(166,810)
Fines and forfeitures	1,609,000	1,609,000	1,914,885	305,885
Rent	1,138,784	1,138,784	1,163,983	25,199
Reimbursements	135,000	135,000	146,427	11,427
Miscellaneous	215,300	215,300	510,783	295,483
Total revenue	<u>15,811,884</u>	<u>15,811,884</u>	<u>16,408,977</u>	<u>597,093</u>
<b>EXPENDITURES</b>				
Current				
Legislative	26,000	26,000	22,255	3,745
Judicial	1,900,000	1,900,000	2,012,970	(112,970)
General government	6,128,920	6,128,920	5,933,052	195,868
Public safety	240,410	240,410	228,620	11,790
Community enrichment and development	378,800	378,800	307,473	71,327
Other	247,600	247,600	197,202	50,398
Capital outlay	241,000	241,000	307,618	(66,618)
Total expenditures	<u>9,162,730</u>	<u>9,162,730</u>	<u>9,009,190</u>	<u>153,540</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<u>6,649,154</u>	<u>6,649,154</u>	<u>7,399,787</u>	<u>750,633</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	400,000	400,000	41,145	(358,855)
Transfer out	(7,037,569)	(7,037,569)	(6,775,043)	262,526
Total other financing sources (uses)	<u>(6,637,569)</u>	<u>(6,637,569)</u>	<u>(6,733,898)</u>	<u>(96,329)</u>
<b>NET CHANGE IN FUND BALANCE</b>	11,585	11,585	665,889	654,304
<b>FUND BALANCE, Beginning of year</b>	<u>11,838,362</u>	<u>11,838,362</u>	<u>11,838,362</u>	-
<b>FUND BALANCE, End of year</b>	<u>\$ 11,849,947</u>	<u>\$ 11,849,947</u>	<u>\$ 12,504,251</u>	<u>\$ 654,304</u>

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**BUDGETARY COMPARISON SCHEDULE - ROAD FUND**  
**Year Ended March 31, 2016**

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUE</b>				
Taxes	\$ 2,391,000	\$ 2,391,000	\$ 2,390,191	\$ (809)
Grants	-	-	6,500	6,500
Street lighting income	43,000	43,000	43,827	827
Sale of assets	3,000	3,000	15,646	12,646
Charges for services	-	-	29	29
Reimbursements	10,000	10,000	26,795	16,795
Other revenues	648,500	648,500	687,544	39,044
<b>Total revenue</b>	<u>3,095,500</u>	<u>3,095,500</u>	<u>3,170,532</u>	<u>75,032</u>
<b>EXPENDITURES</b>				
Public works				
Salaries and wages	1,018,590	1,018,590	997,690	20,900
Payroll taxes	77,920	77,920	75,199	2,721
Life and health insurance	196,360	196,360	199,266	(2,906)
Retirement plan	20,650	20,650	20,493	157
Workers compensation insurance	22,340	22,340	24,295	(1,955)
Sick pay	8,000	8,000	9,925	(1,925)
Other employee fringe benefits	2,000	2,000	3,131	(1,131)
Office supplies	2,500	2,500	1,608	892
Operating supplies	19,500	19,500	24,044	(4,544)
Professional services	96,500	96,500	74,020	22,480
Contractors	840,000	840,000	833,655	6,345
Communications	10,000	10,000	9,956	44
Transportation	105,000	105,000	53,002	51,998
Insurance and bonds	38,000	38,000	37,625	375
Repairs and maintenance supplies	505,000	505,000	399,577	105,423
Training expenses	3,000	3,000	1,641	1,359
Miscellaneous	1,023,500	1,023,500	945,965	77,535
Capital outlay	305,000	305,000	352,639	(47,639)
<b>Total expenditures</b>	<u>4,293,860</u>	<u>4,293,860</u>	<u>4,063,731</u>	<u>230,129</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>(1,198,360)</u>	<u>(1,198,360)</u>	<u>(893,199)</u>	<u>305,161</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer out	(285,652)	(285,652)	(285,652)	-
Transfer in	1,500,000	1,500,000	1,250,000	(250,000)
<b>Total other financing sources (uses)</b>	<u>1,214,348</u>	<u>1,214,348</u>	<u>964,348</u>	<u>(250,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	15,988	15,988	71,149	55,161
<b>FUND BALANCE, Beginning of year</b>	<u>2,437,146</u>	<u>2,437,146</u>	<u>2,437,146</u>	<u>-</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 2,453,134</u>	<u>\$ 2,453,134</u>	<u>\$ 2,508,295</u>	<u>\$ 55,161</u>



**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**BUDGETARY COMPARISON SCHEDULE - PUBLIC SAFETY FUND**  
Year Ended March 31, 2016

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUE</b>				
Taxes	\$ 20,785,000	\$ 20,785,000	\$ 20,774,370	\$ (10,630)
Grants	-	-	234,535	234,535
Charges for services	1,290,000	1,290,000	1,333,178	43,178
Liquor license rebates	17,000	17,000	17,448	448
Reimbursements	35,000	35,000	51,931	16,931
Miscellaneous	38,000	38,000	100,697	62,697
<b>Total revenue</b>	<u>22,165,000</u>	<u>22,165,000</u>	<u>22,512,159</u>	<u>347,159</u>
<b>EXPENDITURES</b>				
Public works				
Salaries and wages	12,662,540	12,662,540	12,595,117	67,423
Payroll taxes	966,800	966,800	962,303	4,497
Life and health insurance	2,446,120	2,446,120	2,403,808	42,312
Retirement plan	325,980	325,980	343,448	(17,468)
Workers compensation insurance	309,870	309,870	316,825	(6,955)
Sick pay	233,000	233,000	165,219	67,781
Other employee fringe benefits	2,836,500	2,836,500	2,768,327	68,173
Office supplies	25,000	25,000	22,886	2,114
Operating supplies	208,000	208,000	184,298	23,702
Professional services	265,000	265,000	210,441	54,559
Communications	49,000	49,000	64,606	(15,606)
Transportation	255,000	255,000	139,756	115,244
Insurance and bonds	330,000	330,000	342,385	(12,385)
Repairs and maintenance supplies	588,500	588,500	590,164	(1,664)
Training expenses	85,000	85,000	86,125	(1,125)
Public utilities	75,000	75,000	62,754	12,246
Principal and interest	125,133	125,133	125,133	-
Miscellaneous	62,000	62,000	81,699	(19,699)
Capital outlay	598,000	598,000	756,935	(158,935)
<b>Total expenditures</b>	<u>22,446,443</u>	<u>22,446,443</u>	<u>22,222,229</u>	<u>224,214</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>(281,443)</u>	<u>(281,443)</u>	<u>289,930</u>	<u>571,373</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	4,675,000	4,675,000	4,150,000	(525,000)
Transfer out	(4,292,266)	(4,292,266)	(4,271,685)	20,581
<b>Total other financing sources (uses)</b>	<u>382,734</u>	<u>382,734</u>	<u>(121,685)</u>	<u>(504,419)</u>
<b>NET CHANGE IN FUND BALANCE</b>	101,291	101,291	168,245	66,954
<b>FUND BALANCE, Beginning of year</b>	<u>13,396,443</u>	<u>13,396,443</u>	<u>13,396,443</u>	<u>-</u>
<b>FUND BALANCE, End of year</b>	<u>\$ 13,497,734</u>	<u>\$ 13,497,734</u>	<u>\$ 13,564,688</u>	<u>\$ 66,954</u>

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN  
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION – BUDGETARY  
INFORMATION  
MARCH 31, 2015**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end. The Board of Trustees holds budget hearings in November and a final budget must be adopted prior to April 1. The budget document presents information by fund, function, department and line items. The funds for which budgets are prepared are adopted on a fund total basis.

Encumbrance accounting is not employed in governmental funds. If encumbrance accounting were employed, encumbrances (e.g., purchase orders, contracts) outstanding at year end would be reported as assigned fund balances and would not constitute expenditures or liabilities because the goods or services had not been received as of year-end; the commitments would be reappropriated and honored during the subsequent year.

Instead, amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**GASB STATEMENT 45 REQUIRED SUPPLEMENTAL INFORMATION**  
**Year Ended March 31, 2016**

**Retired Employees Healthcare Plan**

**Three Year Trend Information**

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of covered payroll ((b-a)/c)
7/1/2011	\$ 138,000	\$ 86,765,000	\$ 86,627,000	0%	\$ 15,220,940	569.1%
7/1/2013	\$ 1,608,647	\$ 150,096,684	\$ 148,488,037	1.07%	\$ 15,953,000	930.8%
7/1/2015	\$ 5,437,023	\$ 157,390,635	\$ 151,953,612	3.45%	\$ 15,279,000	994.5%

**Schedule of Employer Contributions**

Year ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
3/31/2014	\$ 12,779,644	\$ 3,847,682	30%
3/31/2015	\$ 12,779,644	\$ 3,967,507	31%
3/31/2016	\$ 13,769,228	\$ 10,081,020	73%

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**GASB STATEMENT 67 REQUIRED SUPPLEMENTAL INFORMATION**  
**Year Ended March 31, 2016**

**Retirement Plan – Pension Trust**

**Six Year Trend Information**

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of covered payroll ((b-a)/c)
1/1/2011	\$ 119,693,077	\$ 148,403,066	\$ 28,709,989	80.7%	\$ 15,522,940	185.0%
1/1/2012	\$ 123,455,000	\$ 152,669,000	\$ 29,214,000	80.9%	\$ 15,338,979	190.5%
1/1/2013	\$ 127,620,304	\$ 157,732,226	\$ 30,111,922	80.9%	\$ 14,862,788	202.6%
1/1/2014	\$ 218,093,625	\$ 215,164,942	\$ (2,928,683)	101.4%	\$ 14,159,863	(20.7%)
1/1/2015	\$ 223,169,053	\$ 203,271,702	\$ (19,897,351)	109.8%	\$ 13,711,213	(145.1%)
1/1/2016	\$ 205,807,266	\$ 208,236,229	\$ 2,428,963	98.8%	\$ 13,118,137	18.5%

**Schedule of Employer Contributions**

Year ended	Required Contribution	Actual Contribution	Percentage Contributed
3/31/2011	\$ 5,152,066	\$ 5,152,066	100%
3/31/2012	\$ 5,179,678	\$ 5,179,678	100%
3/31/2013	\$ 10,206,901	\$ 10,206,901	100%
3/31/2014	\$ 3,040,464	\$ 80,300,000	2641%
3/31/2015	\$ -	\$ -	- %
3/31/2016	\$ -	\$ -	- %

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF CHANGES IN THE TOWNSHIP NET PENSION LIABILITY AND**  
**RELATED RATIOS - PENSION TRUST**  
**Last Fiscal Year (Schedule is built prospectively upon implementation of GASB 68)**

<b>TOTAL PENSION LIABILITY</b>	
Service cost	\$ 2,937,791
Interest on the total pension liability	11,945,637
Differences between expected and actual experience including assumption changes	6,800,959
Benefit payments and refunds	<u>(9,463,060)</u>
Net change in total pension liability	12,221,327
Total pension liability, Beginning of year	<u>196,014,902</u>
Total pension liability, End of year	<u><u>\$ 208,236,229</u></u>
<b>PLAN FIDUCIARY NET POSITION</b>	
Employer contributions	\$ -
Employee contributions	302,355
Pension plan net investment income (loss)	(150,074)
Benefit payments and refunds	(9,463,060)
Other expenses	<u>(83,873)</u>
Net change in plan fiduciary net position	(9,394,652)
Plan fiduciary net position, Beginning of year	<u>215,201,918</u>
Plan fiduciary net position, End of year	<u><u>\$ 205,807,266</u></u>
<b>Township's Net Pension Liability</b>	<u><u>\$ 2,428,963</u></u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	98.83%
<b>Covered Employee Payroll</b>	<u><u>\$ 13,118,137</u></u>
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	18.52%

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF TOWNSHIP CONTRIBUTIONS**  
**RELATED RATIOS - PENSION TRUST**  
**March 31, 2016**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Actuarially determined contribution	\$ -	\$ -	\$ 3,040,464	\$ 10,206,901	\$ 5,179,678	\$ 5,152,066	\$ 5,894,595	\$ 5,228,482	\$ 4,738,081	\$ 4,738,081
Contributions in relation to the actuarially determined contribution	-	-	80,300,000	10,206,901	5,179,678	5,152,066	5,894,595	5,228,482	4,738,081	4,738,081
Contribution excess (deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,259,536</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 13,118,137	\$ 13,711,213	\$ 14,159,863	\$ 14,862,788	\$ 15,338,979	\$ 15,522,940	\$ 15,562,765	\$ 16,136,224	\$ 15,858,763	\$ 15,641,216
Contributions as a percentage of covered employee payroll	0.00%	0.00%	567.10%	68.67%	33.77%	33.19%	37.88%	32.40%	29.88%	30.29%

**Notes to Schedule of Township Contributions**

Actuarial valuation information relative to the determination of contributions:

Valuation Date: March 31, 2016

Actuarially determined contribution rates are calculated as of January 1, each year which is 3 months prior to the beginning of the fiscal year in which contributions are made.

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry-age normal
Amortization method	Changes in assumptions and differences between assumptions and actual experience are recognized over the average remaining years of employment of employees (active and inactive employees, including retirees) Differences between expected earnings on plan investments and actual investment earnings are recognized over a five year period Changes in benefit terms are recognized immediately
Asset valuation method	Fair value and contract value with a market value adjustment factor for the Guaranteed Deposit Account, which is considered the best representation of fair value.
Wage inflation	1%
Salary increases	3%
Investment rate of return	6.00%
Retirement age	Age 55 with 25 years of Service or Age 62
Mortality	RP-2014 Blue Collar Mortality Table with Scale MP-2014 and RP-2014 Total Data Set Mortality Table with Scale MP-2014 for Public Safety

**OTHER SUPPLEMENTAL INFORMATION**

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**COMBINING BALANCE SHEET**  
**OTHER GOVERNMENTAL FUNDS**  
**March 31, 2016**

	Nonmajor Special Revenue Funds								Nonmajor Debt Service Funds				Total
	Senior Services	Bloomfield Village Police	Bloomfield Village Fire	Lake Improvement	Building Department	Drug Law Enforcement	Safety Path	Cable Studio	Special Assessment Capital Projects	Campus Construction Debt Retirement	Library Debt Retirement	Drain at-Large	
<b>ASSETS</b>													
Cash and cash equivalents	\$ 39,485	\$ 500,352	\$ 237,659	\$ 183,836	\$ 37,547	\$ 191,588	\$ 2,896,347	\$ 81,275	\$ 310,212	\$ 1,492,789	\$ 1,694,235	\$ 580,582	\$ 8,245,907
Marketable securities	2,663,163	-	-	-	2,477,459	-	-	5,309,444	-	-	-	-	10,450,066
Receivables (net) - Other	480	-	-	6,863	10,501	-	-	157,765	-	-	-	160,000	335,609
Total assets	<u>\$ 2,703,128</u>	<u>\$ 500,352</u>	<u>\$ 237,659</u>	<u>\$ 190,699</u>	<u>\$ 2,525,507</u>	<u>\$ 191,588</u>	<u>\$ 2,896,347</u>	<u>\$ 5,548,484</u>	<u>\$ 310,212</u>	<u>\$ 1,492,789</u>	<u>\$ 1,694,235</u>	<u>\$ 740,582</u>	<u>\$ 19,031,582</u>
<b>LIABILITIES - Accounts payable and accrued expenses</b>													
	\$ 80,685	\$ 5,534	\$ 1,248	\$ 265	\$ 14,836	\$ -	\$ 4,573	\$ 13,293	\$ 21,428	\$ -	\$ -	\$ -	\$ 141,862
<b>FUND BALANCES</b>													
Restricted:													
Debt service	-	-	-	-	-	-	-	-	-	1,492,789	1,694,235	740,582	3,927,606
Roads and safety paths	-	-	-	-	-	-	2,891,774	-	288,784	-	-	-	3,180,558
Public safety	-	494,818	236,411	-	-	191,588	-	-	-	-	-	-	922,817
Community enrichment	-	-	-	190,434	-	-	-	-	-	-	-	-	190,434
Assigned:													
Community enrichment	2,622,443	-	-	-	-	-	-	5,535,191	-	-	-	-	8,157,634
Building inspection	-	-	-	-	2,510,671	-	-	-	-	-	-	-	2,510,671
Total fund balances	<u>2,622,443</u>	<u>494,818</u>	<u>236,411</u>	<u>190,434</u>	<u>2,510,671</u>	<u>191,588</u>	<u>2,891,774</u>	<u>5,535,191</u>	<u>288,784</u>	<u>1,492,789</u>	<u>1,694,235</u>	<u>740,582</u>	<u>18,889,720</u>
Total liabilities and fund balances	<u>\$ 2,703,128</u>	<u>\$ 500,352</u>	<u>\$ 237,659</u>	<u>\$ 190,699</u>	<u>\$ 2,525,507</u>	<u>\$ 191,588</u>	<u>\$ 2,896,347</u>	<u>\$ 5,548,484</u>	<u>\$ 310,212</u>	<u>\$ 1,492,789</u>	<u>\$ 1,694,235</u>	<u>\$ 740,582</u>	<u>\$ 19,031,582</u>



**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**OTHER GOVERNMENTAL FUNDS**  
**Year Ended March 31, 2016**

	Nonmajor Special Revenue Funds								Nonmajor Debt Service Funds				Total
	Senior Services	Bloomfield Village Police	Bloomfield Village Fire	Lake Improvement	Building Department	Drug Law Enforcement	Safety Path	Cable Studio	Special Assessment Capital Projects	Campus Construction Debt Retirement	Library Debt Retirement	Drain at-Large	
<b>REVENUES</b>													
Taxes and assessments	\$ 813,578	\$ 411,943	\$ 120,077	\$ 326,918	\$ -	\$ -	\$ 1,614,818	\$ -	\$ 477,418	\$ 1,612,471	\$ 1,679,749	\$ 1,310,113	\$ 8,367,085
Grants	69,731	-	-	-	-	-	-	-	-	-	-	-	69,731
Charges for services	441,638	-	-	-	4,112	-	-	52,160	-	-	-	-	497,910
Licenses, permits and fees	-	-	-	-	1,834,419	-	-	814,113	-	-	-	-	2,648,532
Fines and forfeitures	-	-	-	645	-	35,894	-	-	-	-	-	-	36,539
Fees	369,835	-	-	-	-	-	-	-	-	-	-	-	369,835
Reimbursements	-	-	-	45,225	-	-	-	-	-	-	-	-	45,225
Miscellaneous	20,368	-	-	-	3,509	-	-	1,213	-	842	894	-	26,826
<b>Total revenues</b>	<b>1,715,150</b>	<b>411,943</b>	<b>120,077</b>	<b>372,788</b>	<b>1,842,040</b>	<b>35,894</b>	<b>1,614,818</b>	<b>867,486</b>	<b>477,418</b>	<b>1,613,313</b>	<b>1,680,643</b>	<b>1,310,113</b>	<b>12,061,683</b>
<b>EXPENDITURES</b>													
Operating:													
General government	-	-	-	-	1,283,724	-	-	-	-	-	-	-	1,283,724
Public works	-	-	-	-	-	-	119,230	-	1,584,035	-	-	-	1,703,265
Public safety	-	377,369	89,647	-	-	38,134	-	-	-	-	-	-	505,150
Community enrichment & development	1,464,205	-	-	362,043	-	-	-	951,869	-	-	-	-	2,778,117
Debt service	-	-	-	-	-	-	-	-	-	710	754	583	2,047
Capital outlay	61,844	1,800	9,510	-	88,972	44,975	2,253,604	28,727	-	-	-	-	2,489,432
Debt service:													
Principal retirement	-	-	-	-	-	-	-	-	-	600,000	1,345,000	994,634	2,939,634
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	998,975	300,487	161,585	1,461,047
<b>Total expenditures</b>	<b>1,526,049</b>	<b>379,169</b>	<b>99,157</b>	<b>362,043</b>	<b>1,372,696</b>	<b>83,109</b>	<b>2,372,834</b>	<b>980,596</b>	<b>1,584,035</b>	<b>1,599,685</b>	<b>1,646,241</b>	<b>1,156,802</b>	<b>13,162,416</b>
Revenues over (under) expenditures	189,101	32,774	20,920	10,745	469,344	(47,215)	(758,016)	(113,110)	(1,106,617)	13,628	34,402	153,311	(1,100,733)
<b>OTHER FINANCING SOURCES (USES)</b>													
Bond proceeds	-	-	-	-	-	-	-	-	1,250,000	-	-	-	1,250,000
Transfers out	(23,701)	(11,850)	-	-	(130,353)	-	(6,237)	(99,772)	-	-	-	-	(271,913)
<b>Total other financing sources (uses)</b>	<b>(23,701)</b>	<b>(11,850)</b>	<b>-</b>	<b>-</b>	<b>(130,353)</b>	<b>-</b>	<b>(6,237)</b>	<b>(99,772)</b>	<b>1,250,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>978,087</b>
Net change in fund balances	165,400	20,924	20,920	10,745	338,991	(47,215)	(764,253)	(212,882)	143,383	13,628	34,402	153,311	(122,646)
<b>FUND BALANCES, Beginning of year</b>	<b>2,457,043</b>	<b>473,894</b>	<b>215,491</b>	<b>179,689</b>	<b>2,171,680</b>	<b>238,803</b>	<b>3,656,027</b>	<b>5,748,073</b>	<b>145,401</b>	<b>1,479,161</b>	<b>1,659,833</b>	<b>587,271</b>	<b>19,012,366</b>
<b>FUND BALANCES, End of year</b>	<b>\$ 2,622,443</b>	<b>\$ 494,818</b>	<b>\$ 236,411</b>	<b>\$ 190,434</b>	<b>\$ 2,510,671</b>	<b>\$ 191,588</b>	<b>\$ 2,891,774</b>	<b>\$ 5,535,191</b>	<b>\$ 288,784</b>	<b>\$ 1,492,789</b>	<b>\$ 1,694,235</b>	<b>\$ 740,582</b>	<b>\$ 18,889,720</b>

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**Year Ended March 31, 2016**

	<u>Balance at April 01, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at March 31,</u>
<b>ASSETS - Cash</b>	\$ 630,804	\$ 801,669	\$ 907,039	\$ 525,434
<b>LIABILITIES</b>				
Accounts payable and withholdings	\$ 38,224	\$ 2,615,453	\$ 2,638,003	\$ 15,674
Deposits & other liabilities:				
Escrow deposits	262,448	328,895	305,686	285,657
Refundable deposits	231,257	233,611	295,558	169,310
Other	98,875	191,830	235,912	54,793
Total liabilities	<u>\$ 630,804</u>	<u>\$ 3,369,789</u>	<u>\$ 3,475,159</u>	<u>\$ 525,434</u>

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**COMBINING STATEMENT OF NET POSITION**  
**PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS**  
**March 31, 2016**

	<u>Retiree Health Care Fund</u> March 31, 2016	<u>Retirement System Pension Trust</u> December 31, 2015	<u>401(a) Defined Contribution Plan</u> March 31, 2016	<u>Total</u>
<b>ASSETS</b>				
Cash	\$ 500,000	\$ -	\$ -	\$ 500,000
Investments:				
Mutual funds	5,738,640	65,702,848	3,753,189	75,194,677
Guaranteed deposit account fixed income fund	-	144,971,465	-	144,971,465
	<u>6,238,640</u>	<u>210,674,313</u>	<u>3,753,189</u>	<u>220,666,142</u>
Total assets				
	<u>6,238,640</u>	<u>210,674,313</u>	<u>3,753,189</u>	<u>220,666,142</u>
<b>NET POSITION</b> - Held in trust for pension and other employee benefits	<u>\$ 6,238,640</u>	<u>\$ 210,674,313</u>	<u>\$ 3,753,189</u>	<u>\$ 220,666,142</u>

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**COMBINING STATEMENT OF CHANGES IN NET POSITION**  
**PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS**  
**Year Ended March 31, 2016**

	<u>Retiree Health Care Fund</u> Year Ended March 31, 2016	<u>Retirement System Pension Trust</u> Year Ended December 31, 2015	<u>401(a) Defined Contribution Plan</u> Year Ended March 31, 2016	<u>Total</u>
<b>ADDITIONS</b>				
Contributions:				
Employer	\$ 7,408,138	\$ -	\$ 642,595	\$ 8,050,733
Employee	-	337,893	93,695	431,588
Total contributions	<u>7,408,138</u>	<u>337,893</u>	<u>736,290</u>	<u>8,482,321</u>
Investment income:				
Net change in fair value of investments	10,979	(2,348,458)	(272,689)	(2,610,168)
Interest income	66,583	5,343,292	-	5,409,875
Dividend income	-	2,606,161	192,346	2,798,507
Total investment income	<u>77,562</u>	<u>5,600,995</u>	<u>(80,343)</u>	<u>5,598,214</u>
Total additions	<u>7,485,700</u>	<u>5,938,888</u>	<u>655,947</u>	<u>14,080,535</u>
<b>DEDUCTIONS</b>				
Distributions	3,925,786	9,755,332	116,364	13,797,482
Administrative fees	-	86,058	150	86,208
Total deductions	<u>3,925,786</u>	<u>9,841,390</u>	<u>116,514</u>	<u>13,883,690</u>
<b>NET INCREASE (DECREASE) IN PENSION HELD IN TRUST</b>	3,559,914	(3,902,502)	539,433	196,845
<b>NET POSITION HELD IN TRUST, Beginning of year</b>	<u>2,678,726</u>	<u>214,576,815</u>	<u>3,213,756</u>	<u>220,469,297</u>
<b>NET POSITION HELD IN TRUST, End of year</b>	<u>\$ 6,238,640</u>	<u>\$ 210,674,313</u>	<u>\$ 3,753,189</u>	<u>\$ 220,666,142</u>

**STATISTICAL INFORMATION REQUIRED FOR CONTINUING DISCLOSURE  
CERTIFICATE**

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**STATISTICAL INFORMATION REQUIRED**  
**FOR CONTINUING DISCLOSURE CERTIFICATE**  
**March 31, 2016**

**Tax Levies and Collections**

Year	Tax Levy	Collections to March 1 of the Following Year	
2015	\$ 46,460,678	\$ 45,100,720	97.07%
2014	\$ 44,995,239	\$ 43,610,066	96.92%
2013	\$ 42,329,811	\$ 40,828,439	96.45%
2012	\$ 41,264,728	\$ 39,754,293	96.34%
2011	\$ 41,694,060	\$ 40,098,080	96.17%
2010	\$ 44,116,202	\$ 42,167,507	95.58%
2009	\$ 44,505,638	\$ 42,147,621	94.70%
2008	\$ 45,382,069	\$ 42,433,483	93.50%
2007	\$ 44,913,928	\$ 42,327,344	94.24%
2006	\$ 40,831,652	\$ 38,659,606	94.68%
2005	\$ 40,077,547	\$ 38,234,099	95.40%
2004	\$ 37,486,906	\$ 35,656,378	95.12%
2003	\$ 33,797,608	\$ 32,140,571	95.10%
2002	\$ 23,530,927	\$ 22,275,924	94.67%

The Township's taxes are due and payable and a lien created upon the assessed property on December 1 each year. Taxes remaining unpaid on the following March 1 are turned over to the County Treasurer for collection. If all real property taxes are not paid by May 1, two years following return to the County Treasurer, the property is sold for taxes.

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
**STATISTICAL INFORMATION REQUIRED**  
**FOR CONTINUING DISCLOSURE CERTIFICATE**  
**March 31, 2016**

**History of Property Valuations\***

<u>Year</u>	<u>State Equalized Valuation</u>	<u>Taxable Value</u>
2015	\$ 4,136,276,183	\$ 3,359,497,710
2014	\$ 3,724,060,750	\$ 3,245,848,860
2013	\$ 3,399,266,390	\$ 3,167,371,380
2012	\$ 3,254,592,251	\$ 3,096,798,011
2011	\$ 3,226,628,090	\$ 3,155,385,640
2010	\$ 3,485,076,600	\$ 3,404,549,680
2009	\$ 4,115,224,310	\$ 3,878,712,490
2008	\$ 4,492,380,886	\$ 3,948,259,831
2007	\$ 4,696,964,620	\$ 3,934,123,580
2006	\$ 4,499,786,770	\$ 3,732,884,300
2005	\$ 4,358,891,740	\$ 3,531,875,030
2004	\$ 4,159,870,180	\$ 3,380,624,306
2003	\$ 4,005,952,600	\$ 3,236,501,438
2002	\$ 3,816,576,370	\$ 3,115,293,208

\*Beginning in 1995, the Taxable Value and not the State Equalized Valued is used to calculate the tax levy.

**Michigan Property Tax and School Finance Reform**

See information provided in Continuing Disclosure Certificates previously filed with National and State of Michigan Municipal Securities Information Repositories regarding this topic.

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
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**Tax Rate Limitations**

The Township Charter provides tax rate limitations as follows:

Purpose	Rate (per \$1,000 of State) Equalized Valuation	Maximum Permitted Rate
General Operating	\$ 0.9873	\$ 0.9873

The Township may levy taxes in excess of the above limitation pursuant to state law for the following purposes:

Purpose	Authority	Rate (per \$1,000 of State) Equalized Valuation
Refuse Collection and Disposal	Act 298, P.A. of Michigan 1917, as amended	\$ 3.00
Police and Fire Pension Requirements	Act 345, P.A. of Michigan 1937, as amended	Amount required to make contribution

In addition, Article IX, Section 6 of the Michigan Constitution of 1963, as amended, permits the levy of millage in excess of the above for:

1. All debt service on tax supported bonds issued prior to December 23, 1978, or tax supported issues, which have been approved by the voters.
2. Operating purposes for a specific period of time provided that said increase is approved by a majority of the qualified electors of the local unit.

\*The Michigan Constitution provides for tax rate limitations. See information provided in Continuing Disclosure Certificates previously filed with National and State of Michigan Municipal Securities Information repositories regarding these limitations.

**Labor Agreements**

The Township has three employee bargaining units which have negotiated comprehensive salary, wage, fringe benefits and working conditions contracts with the Township.

The duration of these agreements are as follows:

Employee Group	Number of Employees	Expiration Date of Contract
Firefighters	57	March 31, 2017
Police Employees (Command Officers)	16	March 31, 2017
Police Employees (Patrolmen)	48	March 31, 2017



**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**  
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**General Fund – Fund Balance**

The Township's General Fund Balance for the last ten years has been as follows:

<u>Fiscal Year Ending March 31,</u>	<u>Fund Balance</u>
2016	\$ 12,504,251
2015	\$ 11,838,362
2014	\$ 11,640,178
2013	\$ 11,498,695
2012	\$ 10,968,077
2011	\$ 10,506,172
2010	\$ 8,056,659
2009	\$ 8,156,480
2008	\$ 7,822,356
2007	\$ 6,757,558